

HOUSING & REDEVELOPMENT AUTHORITY OF CLAY COUNTY
Regular and Annual Meeting of February 19, 2019

MEMBERS PRESENT:

Les Bakke, Cecil Johnson, Mike Martin, Dale Rollie and Ione Schultz.

MEMBERS ABSENT:

John Wilkie

STAFF PRESENT:

Dara Lee and Sheila Laney.

9:30 A.M. REGULAR MEETING CALLED TO ORDER:

AGENDA:

Commissioner Martin made a motion to approve the agenda. Commissioner Johnson seconded the motion and it carried unanimously.

MINUTES FROM DECEMBER 18, 2018 REGULAR MEETING:

A motion was made by Commissioner Bakke to approve the December 18, 2018 meeting minutes. Commissioner Rollie seconded the motion and it carried unanimously.

CITIZENS TO BE HEARD:

None

TREASURER'S REPORT:

Budget reviews for November and December 2018 were discussed. The overall agency net cash loss for 2018 was approximately \$68,200. Here are some of the explanations for variances:

- Public Housing – High costs due to the disposition of the units and unit turnover. There has been a significant change in cash flow in 2019 after the transfer;
- Gateway Gardens - We will be able to be reimbursed from our replacement reserve account for approximately \$11,000 for Gateway Gardens.
- Boyer- Experienced high costs overall in 2018 due to capital improvements, tenant turnover and staff turnover.
- GRH 01/02 (Housing Supports 01/02)- 01 has excess costs due to the large number of new participants in the program. It is very costly to set up a new participant in a home. The HRA had prior year reserves to cover most of these costs. Due to the increase in numbers in the Housing Supports program, the other portion of the budget (02) overperformed.
- Owner-Occupied Rehab – closed fewer loans than anticipated. 2019 Tax Levy funds will assist this program.
- Rental Rehab – We closed no loans in 2018. We already have closed one loan for RRDL in 2019. We anticipate closing five more RRDL loans in 2019 before ending the project. We should generate \$90,000 in admin fees in 2019.

Other programs were close to budget.

Commissioner Rollie made a motion to accept the Treasurer's Report. The motion was seconded by Commissioner Bakke and carried unanimously.

PROJECT UPDATES:

Director Lee provided project updates.

Houge Estates

As of the first week in February, there are 2 vacant units. One is re-rented for mid-February and one is being rehabbed due to water damage from frozen pipes (tenant visitor propped door open). There will be one additional opening due to a lease termination. There are 68 households on the waiting list. The waiting list is currently open.

Agassiz Apartments

As of February 1, there are no vacant units and no move-outs scheduled. There are 7 people on the waiting list.

Clay County Affordable Housing, LLC

The transfer took place on December 31 during the federal shutdown. Staff continues to work with HUD to secure the Release of Declaration of Trust on each property and to update HUD computer systems.

As of February 1, there are six vacant units due to the transfer/opportunity for tenants to move with Housing Choice Vouchers. One unit is re-rented for March 1. We have contacted all households who were on the public housing waiting list as well as 50 households who are on the Fieldcrest waiting list regarding the remaining 5 openings. Staff is working with 6 households who have responded.

In the future, the intention is to advertise as units become available rather than have a waiting list.

Boyer Apartments

As of February 1, there is one vacant unit. There will be an additional vacancy for March 1. Staff are working with apparently interested and eligible households to fill both units. There are six households on the waiting list.

Effective January 1, 2019, residents of Boyer Apartments receive a preference for a Housing Choice Voucher.

Fieldcrest Townhomes

As of February 1, there were 3 vacant units. One is re-rented for mid-February. Letters have been sent to applicants for the other 2 openings. Both open units are 2-bedrooms and are not generating the same level of interest as the three-bedroom units. There are 143 households on the waiting list which is closed.

Gateway Gardens

As of February 1, there are two vacant units. New tenants are being selected through the Coordinated Entry System. Three HRA staff have offices at Gateway Garden. CCRI continues to provide on-site support services.

Housing Choice Vouchers

As of February 1, 2018, there are a total of 433 households of a possible 522 leased from the HRA Housing Choice Voucher program and 46 households leased from other housing authorities that we are administering. Of the 433 vouchers, 387 out of 451 regular vouchers are under lease; 21 out of 28 Tenant Protection Vouchers are under lease; 10 out of 15 VASH voucher are under lease; and 15 out of 28 Mainstream vouchers are under lease. We have issued 3 additional VASH vouchers and 3 additional Mainstream vouchers to households who are searching for units. We are working with or have sent letters to 11 households to begin working to issue them a Mainstream Voucher and 8 for a Tenant Protection Voucher. The VA continues to determine eligibility for the VASH program.

There are 201 additional households on the waiting list. Due to funding limitations, we believe there will be 60 unused vouchers per month in 2019.

We have 43 individuals enrolled in our Family Self-Sufficiency program. We have had 50 FSS participants in the past 12 months. Staff is working with additional households to enroll them in the program. We can serve up to 50 households on the FSS program under our current Action Plan. The grant renewal application was submitted in November. We will not hear about 2019 until after Congress approves a 2019 budget.

Prairie Horizons Townhomes

As of February 1, there are no vacant units. There is one upcoming vacancy for March 1. A tenant will be selected through the Coordinated Entry System. A full-time CCRI staff provides supportive services to both Prairie Horizons Townhomes developments and other HRA Cares scattered-site participants.

HRA Cares

We are authorized to serve 64 households with these funds. We are currently serving 55 households. Of the 55, 14 are at Prairie Horizons Townhomes; 8 are at Bright Sky Apartments; and 33 are in scattered-site units in Clay, Otter Tail, Wilkin and Douglas Counties. There is one single opening and one three-bedroom opening at PHT. There are 24 singles and 31 families being served.

We only are accepting applications through the Coordinated Assessment Referral and Evaluation System (CARES). Those with the highest needs (acuity levels) who meet program eligibility requirements will be accepted.

Homeless to Housed Rental Assistance

We are serving 48 of our authorized 55 households. There are 14 singles and 34 families. One additional household is searching for a unit. Leased households are from Clay, Otter Tail, Wilkin, and Douglas Counties.

We do not anticipate adding additional households to the program until October. We are in the second year of a two-year grant. We overleased the first year so do not have adequate funding remaining to serve 55 households during the second year.

HRA Cares for Kids/Homework Starts with Home

The HRA Cares for Kids program began February 1, 2014 and ended December 31, 2018. The HRA invested significant resources in this program. The program has had outstanding results for students and their families.

The new Homework Starts with Home Program was authorized on October 29, 2018. (It was supposed to begin on October 1.) The grant amount is \$1,042,785 to assist 60 households. Of this total, \$920,512 is Housing Trust Fund money awarded to the HRA for rental assistance; \$60,000 in philanthropic money awarded to the HRA to administer for a variety of purposes; and \$62,273 in Family Homeless Prevention Assistance Program money awarded to Mahube-Otwa for case management services for them and Lakes & Prairies. In addition, the HRA requested and received \$110,000 for the HRA Tax Levy to be used towards this program in Clay County. The HRA also is requesting that the surrounding HRAs contribute \$169,250 of tax levy resources to this program. Staff have met with all 13 participating school districts and the area HRAs regarding this program.

As of February, 20 households are leased and 12 are searching for units. Households are from Clay, Wilkin, Douglas, Becker and Otter Tail Counties.

Housing Supports (formerly GRH) in Scattered-Site Units

We have a vendor contract with Clay County and are working with CCRI, Summit Guidance Center, Lakeland Mental Health Center (LMHC), Dorothy Day House of Hospitality, Presentation Partners in Housing (PPiH), CAP Lakes & Prairies, and Homeless Health Services to provide services to as many households as needed.

As of February 1, a total of 89 households were being served by the Housing Supports program. There were 72 households leased in the scattered-site Housing Supports program – 8 with the HRA (1 of these is shared with Summit); 13 with Lakes & Prairies; 4 with the Presentation Partners in Housing; 7 with LMHC; 10 with Dorothy Day/Churches United; and 31 with Summit Guidance (of these 1 is shared with the HRA). In addition, CCRI serves 17 Housing Supports clients at Gateway Gardens.

Fourteen additional households are searching for units. CAP Lakes & Prairies is working with 3; Summit is working with 8; Lakeland Mental Health Center is working with 1; and Dorothy Day/Churches United is working with 2.

Minnesota DHS Community Infrastructure Grant

The Department of Human Services awarded Clay County \$385,875 to develop Community Infrastructure to help people with disabilities live successfully in their own communities. The grant funds three outreach workers, a 0.82 FTE housing resource specialist (employed by the HRA) and administration. The grant covers 10 counties in the West Central CoC. It was the largest grant awarded in the state.

The HRA is the project manager and provides the Housing Resource Specialists. All three outreach workers have been hired by the partner agencies and are actively conducting outreach and providing referrals. The team meets monthly. The grant partners are on track to meet and/or exceed all grant goals regarding outreach, securing housing, and implementation of Housing Supports in the majority of counties.

Owner-Occupied Rehab Program

Barnesville

We are funded to assist 15 homeowners. We are currently working with 13 homeowner households. 9 projects are complete; 2 are in construction; 1 is finalizing loan amounts; and 1 is in eligibility stage but likely to be ineligible.

We have funding available for at least 3 additional homeowners. We slightly expanded the target area, and DEED has approved the expansion. Five new home owners have expressed interest. The City of Barnesville will pay the HRA for the extra time needed to complete the expansion paperwork and complete a new Environmental Review as required by DEED.

We were funded to rehabilitate 12 commercial properties. Due to a lower than projected cost per building for rehabilitation, we will be able to work on at least 18 buildings.

We have received 23 applications. 22 applications received preliminary approval through the property selection process. After 2 projects withdrew and 2 were determined ineligible by DEED, we are working with 18 approved applicants. 8 projects are complete; 3 projects are in construction phase; 4 projects are reviewing bids/re-bidding (1 of these is close to loan closing); and 3 projects are in the eligibility/inspection stage.

Sabin

DEED awarded the City of Sabin SCDP funds to rehabilitate 10 homes. To date, we have received 9 applications which have been approved by the Property Selection Committee. Staff has been in contact with the home owners and is beginning to process the applications to determine eligibility.

RLP

3 projects are under construction; 1 project is in bid review; 1 is in eligibility stage; and 5 on the waitlist have been contacted to begin determining continuing interest/eligibility.

Other

The HRA was awarded approximately \$75,000 in additional funding from USDA Rural Development for a Housing Preservation Grant to be used as match proceeds. The HRA will have \$175,000 to use for rehabilitation match purposes from the 2019 HRA Tax Levy.

Rental Rehab Program

We were awarded \$800,000 in 2016-2017 funding- \$200,000 for small projects and \$600,000 for large projects. In November, MHFA increased the awards to \$300,000 and \$1,200,000 (although we only requested \$900,000). It is anticipated that this will be the last funding award the HRA receives and that we will close out the program once the current projects are completed.

We will complete 3 or 4 large projects – one in Fergus Falls which is complete; one in Morris which is approximately 70% complete and will be completed in the spring; and one in Barnesville which is getting the information needed to close the loan. An owner in Rothsay has expressed interest in the remaining \$300,000 allocation and is expected to submit an application.

An owner in Barnesville will be awarded all \$300,000 of the 100% forgivable funds. The properties contain a total of 14 units: 3 – 4-unit buildings and 2 single units above downtown commercial buildings. Bids have been received on most projects. On February 12, 2019, a \$100,000 loan closed for a 4-unit building.

OTHER:

Shutdown Impacts:

The Clay County Affordable Housing, LLC transfer took place during the federal shutdown and HUD has now contacted the HRA with comments and concerns. Director Lee has emailed a response to HUD.

MN NAHRO Day at the Capitol:

Director Lee attended this event on February 6. There is a tax credit proposal that Representatives Marquardt and Lien are involved with but the cost may be prohibitive.

Other:

Commissioner Bakke stated that he will be putting his home in Moorhead up for sale. Once the sale is complete, he will be resigning from the Board as he will become an Arizona resident.

10:05 A.M. REGULAR MEETING ADJOURNED.

Chair Schultz adjourned the meeting at 10:05 a.m.

10:05 A.M. ANNUAL MEETING CALLED TO ORDER.

Chair Schultz opened the Annual Meeting at 10:05 a.m.

ANNUAL REVIEW OF RESERVE BALANCES:

The Clay County HRA Reserve Policy was adopted in January 2013. The policy indicates that the reserves will be reviewed each year at the annual meeting. The policy requires the agency to maintain reserves equal to 1) \$3000 per physical unit; and 2) for projects without physical units, 5 months of operating expenses not including amounts received for direct payments to third parties (i.e. HAP expenses, rehab loan amounts, etc.)

It has been the practice of the HRA to maintain reserves in the General account if any project is lacking necessary reserves.

Reserves needed for ea property	<u>Units:</u>	<u>Res Needed:</u>	<u>Project Res:</u>	<u>Gen Res:</u>
1. Houge Estates	60 units	\$180,000	\$ 156,700	\$ 23,300
2. Gateway Gardens	24 units	\$ 72,000	\$ 141,700	\$ -
3. CCAFLLC	24 units	\$ 72,000	\$ - 60,700	\$132,700
4. Agassiz Apartments	12 units	\$ 36,000	\$ 16,700	\$ 19,300
5. Boyer Apartments	8 units	\$ 24,000	\$-178,900	\$202,900
6. New Prairie Horizons	8 units	\$ 24,000	\$ 39,500	\$ -
7. Fieldcrest	40 units	<u>\$120,000</u>	\$ - 67,600	<u>\$187,600</u>
Total Reserve Need for Properties		\$528,000		\$565,800

Reserves needed for other Programs:

[Projected 2019 Costs - 3rd Party Contract Costs] x 5/12 months= Req Reserves

<u>Project</u>	<u>Budget-Contract x. 4166=</u>	<u>Project Res:</u>	<u>General Res:</u>
1. Houge Estates Serv. Co.	\$ 38,300	\$ 450	\$ 37,850
2. Housing Choice Voucher	\$169,800	\$221,000	\$ -
3. HRA Cares	\$ 40,100	\$ 6,500	\$ 33,600
4. Homeless to Housed	\$ 15,250	\$ 9,300	\$ 5,950
5. HRA Cares for Kids/HSWH	\$ 26,900	\$ -14,500	\$ 41,400
6. HS-Scattered-Site	\$ 46,250	\$ 22000	\$ 14,250
7. GROWTH	\$ 34,300	\$ -	\$ 34,300
8. OOR	\$ 39,750	\$ 71,350	\$ -
9. Rental Rehab	\$ 14,100	\$-45,900	\$ 60,000
10. General	<u>\$102,300</u>	<u>\$419,500</u>	<u>\$102,300</u>
Total Reserve Need for other Programs	\$527,050		\$329,650

Total Minimum Reserves Needed \$1,055,050

MINIMUM GENERAL FUND RESERVES NEEDED: \$895,450

GENERAL FUND RESERVES AS OF 12/31/2018: \$419,500

DEFICIT: \$475,950

The deficit is due to the Boyer Apartments loan payoff; purchase of Fieldcrest; Public Housing Disposition costs; and no RRDL closings in 2018.

BOARD OFFICERS FOR 2019:

The HRA by-laws require that no person serve in the role of Chairperson, Vice Chairperson or Secretary for more than two consecutive years. All the listed officers have served a one-year term.

Based upon HRA custom, below is the proposed slate of officers:

1. Past Chair – Les Bakke;
2. Chair – Ione Schultz;
3. Vice Chair – Dale Rollie;
4. Secretary – Cecil Johnson; and
5. Treasurer – Mike Martin – no term limit.

A motion was made by Commissioner Johnson to approve the slate of officers as listed. Commissioner Martin seconded the motion and it carried unanimously.

UPCOMING MEETING DATES & TIMES:

Board meetings for the coming year are scheduled to be held on the following dates:

February 19, 2019
March 19, 2019
April 16, 2019
May 21, 2019
June 18, 2019
July 16, 2019 (*tentative – may be cancelled*)
August 20, 2019
September 17, 2019
October 15, 2019
November 19, 2019
December 17, 2019
January 21, 2020

Meetings are currently held at 9:30 a.m. on the third Tuesday of each month.

A motion was made by Commissioner Martin to approve the meeting dates for 2019. Commissioner Rollie seconded the motion and it carried unanimously.

LOCATION OF AGENCY BANK ACCOUNTS:

The HRA currently has checking accounts, savings accounts, and loans (office building, Fieldcrest Townhomes) located at Bell State Bank & Trust and Northwestern State Bank.

The location of Certificates of Deposit is based upon the best available rate at a financial institution located in Clay County at the time of the deposit. A minimum of 3 -5 bank rates are compared prior to making the deposit.

The checking and savings accounts are located at the two banks which have branches in Dilworth. Both locations are convenient and accessible to the HRA offices. The HRA has very positive working relationships with both institutions.

Staff recommends that no changes be made to the location of the bank accounts at this time but that it be re-evaluated if terms, service or other conditions change significantly.

Commissioner Martin made a motion to make no changes to the location of the agency bank accounts. The motion was seconded by Commissioner Johnson and carried unanimously.

DELEGATION OF AUTHORITY TO EXECUTIVE DIRECTOR:

ARTICLE IV. SECTION 1 of the HRA by-laws allows the Chairperson with the consent of the Commissioners to delegate authority to the Executive Director to execute all documents, contracts and instruments on behalf of the Authority.

ARTICLE IV. SECTION 2 of the HRA by-laws allows the Secretary to delegate authority to the Executive Director to maintain and keep records and the Seal of the Authority.

ARTICLE VI. SECTION 3 of the HRA by-laws allows the Chairperson to designate a petty cash fund, not to exceed \$100 to be maintained by the Executive Director and disbursed by the Executive Director without prior approval of the Commissioners.

The Board of Commissioners recommended that this be done each year at the Annual Meeting.

Commissioner Bakke made a motion to delegate authority to the Executive Director. Commissioner Rollie seconded the motion and it carried unanimously.

ANNUAL REVIEW OF CONDUCTING BUSINESS IN ACCORDANCE WITH CORE VALUES AND ETHICAL STANDARDS & CONFLICT DISCLOSURE:

HUD requires that every grant recipient have a plan in place to make sure that all Board members and staff are aware of our code of conduct. The Board has adopted the "Conducting Business in Accordance with Core Values and Ethical Standards" as its code of conduct.

Annually, a conflict disclosure form is also required.

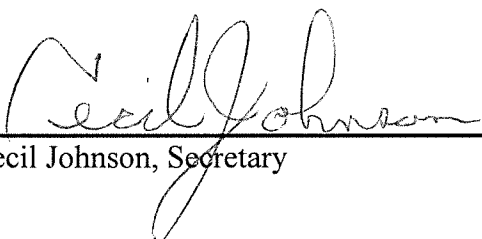
The two forms were distributed and signed by all Board members present.

Director Lee made mention of an IRS audit where it was found that Board commissioners should be treated as employees. The Board noted the information.

Minutes
February 19, 2019
Clay County HRA

10:25 ANNUAL MEETING ADJOURNED:

Commissioner Martin made a motion to adjourn the meeting at 10:25 a.m. Commissioner Rollie seconded the motion and it carried unanimously.

 3-19-19

Cecil Johnson, Secretary Date