

MINUTES
OWATONNA HOUSING AND REDEVELOPMENT AUTHORITY
REGULAR MEETING on May 20, 2019

The regular meeting of the Owatonna Housing and Redevelopment Authority was called to order at 4:00 pm in the meeting room at the City Administration Building by Chairman Cate Schnitzler.

Members present were Jerry Atkinson, Vicki Olivo (4:11 pm), and Dennis Werner. Also present were Ghassan Madkour, Housing Manager, Troy Klecker, Community Development Director, and Kristen Kopp, Administrative Technician.

Oath of Office: Housing Manager Madkour administered the Oath of Office to new member Shari Kropp.

Approval of the Minutes: Chairman Schnitzler called for a motion to approve the minutes of the April 22, 2019 meeting. A motion was made by Atkinson and seconded by Werner to approve the minutes. All Ayes, motion carried.

Executive Director's Report: Troy Klecker presented the Executive Director's Report. About 10 single family house permits have been issued and all apartment buildings are completed except 111 Vine Street. They're finished with the fifth floor and are working their way down. They're supposed to open on June 1st and will have a ribbon cutting ceremony at 4 pm on May 31st. This 54-unit luxury apartment complex is the highest price point in Owatonna. Units rented are in the teens as of now, but people have yet to be able to see the units. Mac Hamilton also did Southpoint, which was entirely filled by the time it opened. This is slower likely because it's something new for Owatonna. He said that they're going through the application process on an affordable workforce housing project similar to Northgate with four homeless units. Two resolutions for the application are on the City Council agenda for tomorrow night's meeting. The site is behind Domino's Pizza and owned by Bill Regan. There is enough land to build another apartment in the future. He said that they will be awarded points for the location and for City contribution, which will come in the form of a land transfer—the land is for sale for \$450,000. Only if they are awarded the tax credits will the City purchase the land. This would be a TIF project. The deadline for applications is June 3 with the tax credits awarded in October or November, so construction could start in 2020, and if all goes well, they could open spring 2021. Rents would be around \$550 for one bedroom, \$850 for two bedrooms, \$1,000 for three bedrooms. Typically a project like this is done only every three or four years. It's a competitive process and they're trying to do everything that they did with the Northgate project. Olivo asked how big the property is. Klecker said it's over three acres and big enough to do a second phase. Werner asked if the \$450,000 would come out of the HRA fund. Klecker said no, it will come out of the general City fund. He said that this application is for phase 1. Part of the \$450,000 will be reserved for phase 2, but there will be other costs the City will contribute, such as environmental clean up. The HRA may have to kick in up to \$50,000. A phase 1 environmental was done and showed that there may be something. Environmental costs for Northgate were around \$200,000. He said that this kind of project is perfect as it takes out a lot of the soil for footings and construction anyway. The soil would just have to be removed from the property and taken to a different site. Olivo asked how many total housing units have been built so far. Klecker will check into it. Klecker said that they are working on an industrial project that should add more jobs. Schnitzler asked if anything was happening with the trailer park. Klecker said he hasn't spoken with them recently.

Old Business: The Housing Choice Voucher program monthly report was presented by Madkour, including the City of Owatonna monthly balance sheet and revenue/expense report. Program utilization: the Housing Voucher program for April totaled 93. Total year to date assistance and administration costs were \$243,587.20 and revenues were \$252,641.16. The Housing Choice Voucher Program fund balance at April month end is \$68,388.47. Madkour provided City of Owatonna HRA monthly balance sheet and revenue/expense reports for the HRA General Fund including the Bridges Programs. The HRA Revenues year to date total is \$160,010.06 and the expenses total \$162,429.01. The HRA General Fund balance is \$329,399.05. Program utilization for both Bridges programs totaled 41 households.

Madkour said that they are just a shade over HUD's budget, but nothing to worry about. There is one port out, which is good. The average HAP is down. One person was evicted, so they aren't getting assistance any longer. He said that they have 113 vouchers, but are only serving 92 households. One reason is that people have gone off the program because they over qualify. He couldn't replace them because people on the program are losing income. He said he's spoken with HUD and they said to worry about cash flow, not utilizing all of the vouchers, as they don't have the funds to issue new vouchers right now. He said that he's trying to make people accountable to their jobs. One client may port out, which would free up \$1,200 a month if the porting agency absorbs them. He explained that when we port out, that agency either bills us or absorbs the client and pays their HAP. We also pay average utilities for clients with zero income (zero HAP?) and currently have 11 clients with UA checks.

A motion was made by Olivo and seconded by Atkinson to approve the reports as presents. All Ayes, motion carried.

New Business: Klecker said that as part of the workforce housing project, the HRA needs to designate four vouchers to the project for additional points on the scoring system. He said that four of the 92 vouchers would be designated to that site when it is closer to opening. A motion was made by Werner and seconded by Atkinson to designate four vouchers to the workforce housing project. All Ayes, motion carried.

Madkour presented the Bridges Grant Agreement, which is a two-year grant from July 1, 2019 to June 30, 2021. They were awarded \$20,000 more than the last grand period. He said that there has been a separate program, ELHIF, which will cease to exist in June of this year. It will roll into the regular Bridges program in July. Klecker explained that Bridges is like Section 8, but designated for clients with mental disabilities. He said that Owatonna administers the program for ten counties. Madkour said that Steele County has 34 on Bridges, Olmsted has 16, and Mower has three. Atkinson asked if Steele County is drawing more people in. Klecker said that they're not drawing people in, but are utilizing the program better. We work with different groups to identify people who may qualify for the program. We have been doing it a lot longer than other counties. It's not an attractor as most of the Bridges clients have lived in Steele County for a long time.

A motion was made by Olivo and seconded by Kropp to approve Resolution 19-03 MHFA Bridges and ELHIF Designating Authorized Signatories. All ayes, motion carried.

A motion was made by Kropp and seconded by Werner to authorize Bridges Grant Agreements. All ayes, motion carried.

Other Business: Schnitzler said that Owatonna Forward is meeting tomorrow at Torey's at 4:30 pm. She said that HRA Board members are welcome to attend.

The Commissioners discussed Rachel's House. Klecker said that the tenant is moving out of the Fremont house and the County will be moving their shelter (?) from Mill Street into this house.

Adjournment: There being no further business, a motion to adjourn was made by Rossi, seconded by Werner. All Ayes, motion carried. The meeting adjourned at 4:55 pm.

The meeting was reconvened by Atkinson at 4:57 pm. A motion was made by Rossi and seconded by Olivo to authorize payments and approve the financial reports as presented. All Ayes, motion carried.

A motion was made to adjourn by Olivo and seconded by Werner. All Ayes, motion carried. The meeting adjourned at 5:14 pm.

Respectfully Submitted,

Ghassan Madkour
Housing Manager