Faribault Housing and Redevelopment Authority
Meeting Minutes
October 10, 2022

1. Call to Order / Approval of the Agenda

Chair Speckhals called the meeting to order at 6:03 p.m.

Members Present: Loni Ahlers, Narren Brown, Brendan Kennedy, Jonathan Wood, and Chair Matthew Speckhals

Members Absent: Travis Kath and Travis McColley.

Kuennen introduced our new Housing Coordinator, Rebecca Rand. HRA member introductions followed.

2. Minutes

A. Minutes of August 8, 2022.

A motion was made by Brown to approve the minutes of August 8, 2022 seconded by Kennedy as presented. Motion carried on a 5/0 vote.

3. Program Reports

A. Mobile Home Buy-Out Program

The HRA provides funding to assist mobile homeowners with the disposal of substandard mobile homes, to allow for updated/upgraded replacements. An application was received in June for Knollwood and the HRA approved $2000 to assist with the removal. Staff has finalized the paperwork and provided a closing statement for the applicant. It has been requested that the applicant provide a "Certificate of Taxes Paid" and once provided, the funds can be processed for payment. Rand has reached out to the applicant to remind them to submit the certificate.

No additional applications have been received.

B. Mobile Home Heat Tape Program

The HRA provided funding in 2021/2022 for the Heat Tape program. The manufactured home communities are some of the largest water users in the city. This is because of poor insulation of water pipes, and residents running water to prevent pipes from freezing. To reduce excessive water usage, the HRA has developed a program to offer heat tape installation.

Staff met with the contractor and developed a plan for the installation process for four applicants. Staff sent flyers in English and Spanish to all of the park owners/managers, and worked with Growing Up Healthy to have the program information included in their newsletter. There is an energy fair coming up put on by the Community Development Department with the City.

Kuennen stated that Rand has additional ideas on how to better track HRA programs serving the manufactured home communities, to better allocate and direct resources. More on these ideas will come at future meetings.

C. RAD/Repositioning Process

A lot of progress has been made on the RAD Repositioning, including an acceptance and approval by HUD which requires the closing to take place within 90 days. Kuennen stated that the RAD consultant has been asked to attend via Zoom the November meeting to provide the HRA with updates and next steps. With the holidays approaching, the closing on the repositioning is likely going to be pushed to January/February 2023. In addition, Kuennen reported that the delay has caused staff to perform annual recertification on nearly half of the PH tenants since recertifications are required once per year

D. 230 Central Avenue Apartments

The HRA has required that Todd Nelson provide monthly updates on work performed and completed on the 230 Central Avenue apartment project. The project has been completed and was issued a Temporary Certificate of Occupancy by the Building Official. Tenants began moving in effective October 1, 2022.

Another condition of the HRA funding is that two of the two-bedroom, and two of the three-bedroom units must be leased to income-qualified tenants for 10 years as per the loan agreement. The requirement was for two 2-bedroom and two 3-bedroom units; however, the Nelson's have asked to have a 4-bedroom included. These units have not been leased as of yet. The Nelson's are working with Rand on implementing the affordability component of the 10-year plan as a condition of the funding from the HRA.

Chair Speckhals asked for a motion to receive and file the program reports. A motion was made by Kennedy, seconded by Ahlers. Motion carried on a 5/0 vote.

4. Property Reports

A. Robinwood Manor - Monthly Operating and Budget Statement

Kuennen started out by letting the board know that in the past we had been providing information for two months back; however, with the new coordinator, Rand has found a way to streamline this process of reporting. The reports will look a bit different, with the biggest difference being the column on the expenditure statement which shows where we are at in the budget by percent.

B. Public Housing - Monthly Operating and Budget Statement

Refer to the report.

C. Scattered Sites - Monthly Operating and Budget Statement

Refer to the report for detailed information. The Board had no questions but stated that they were fine with the new format

A motion was made by Ahlers and seconded by Wood to receive and file the property reports as presented. Motion carried on a 5/0 vote.

5. Public Hearings

None.

6. Items for Discussion

A. Resolution 2022-07 Public Housing Utility Allowances
Resolution 2022-08 Public Housing Flat Rents

Due to the timing of the closing for RAD Repositioning project being pushed to 2023, the HRA is required to establish the 2023 utility allowances and flat rate rents.

The Faribault HRA manages 49 scattered-site public housing units. Every year the Faribault HRA must complete an analysis of the cost of utilities for these units in order to develop a public housing utility allowance. The utility allowance is used to determine how much money each public housing tenant pays to the Faribault HRA for monthly unit rent. The analysis is based on several factors, including actual consumption data of the units from the utility companies, surveys of the local garbage haulers for their current rates, comparing current utility rates to those used during the last utility analysis, and consumption averages and unit size factors from the US Department of Housing and Urban Development.

In addition, the HRA must set new flat rents for residents with higher incomes. These rents must be at least 80% of the Fair Market Rent as set by HUD. An analysis of rents for units similar to the public housing stock has been conducted and no changes in the flat rents is being proposed.

A motion was made by Kennedy, seconded by Brown to Approve 2022-07 Public Housing Utility Allowances and Approve 2022-08 Public Housing Flat Rents as presented. Motion carried on a 5/0 vote.

B. Funding Request for Mobile Home Coordinator

The HRA was asked to financially support a mobile home coordinator position that the Northfield Healthy Community Initiative (HCI) has created. Sandy Malecha from HCI presented to the HRA. HCI received a grant for mobile home rehabilitation from the Rice County Family Services Collaborative in the amount of $45,000 ($22,500 per year) from July 1, 2022, to June 30, 2024. HCI has contracted with Brian Kopack to do the work but they are looking for outside sources to help fund the position. There are 729 mobile homes spread across several manufactured home parks in Rice County, with the average age of the homes being 39 years. Rice County is considering the use of some of its ARP funds to help fund the position for the remainder of the grant period while more permanent funding can be sought, and the Northfield HRA committed a total of $50,000 over two years for the position. This additional funding allows HCI to use some of the funds currently allocated for staff time for other uses such as the cost of needed repairs.

Malecha provided a power point. The majority of mobile homes in the county are in either Northfield or Faribault.

After some discussion the board expressed support for this position, and agreed to provide funding for the next two years, in the amount of $550,000 per year.

A motion was made by Brown, seconded by Kennedy to approve the gap financing of $55,000 for two years for the position of Rice County Mobile Home Coordinator, and to authorize staff to prepare any required agreements to solidify the funding. Motion carried on a 5/0 vote.

C. Resolution 2022-09 Approve a Preliminary Development Agreement with Faribo Downtown Central; Update on Faribo Downtown Central Funding Request - $500,000

Nort Johnson presented at the meeting on behalf of the Faribo Downtown Central LLC (FDC). Johnson explained that the original plan to acquire, rehab, hold, then sell the buildings in 7-10 years has changed. FDC will utilize the first $250,000 to do immediate repairs on specific buildings, and will then present a Phase 2 plan in 2023 when they are ready for the second installment of funds. Johnson provided a spreadsheet outlining the sources and uses of funds. FCD will be seeking to sell some of the portfolio to interested buyers.

A motion was made by Kennedy, seconded by Brown to Approve Resolution 2022-09 Approving Preliminary Development Agreement and Funding Commitment. The Preliminary Development Agreement will include the conditions of the funding, and identify future actions related to program and policy creation to support the distribution of funding as presented. Motion carried on a 5/0 vote.

D. 2023 Budget Discussion

The HRA annually approves a budget that reflects their work plan and priorities. In 2022 funds were identified for special programs; however, there has been limited activity due to lack of staff resources and the necessary focus placed on the RAD repositioning process.

Kuennen provided information on the current fund balance – stating that the HRA has approximately $1,200,000 in fund balance as of 8/1/2022.

Kuennen also talked about budget items for 2023, including the need to hire a consultant to assess the 49-unit assets and come up with a 20-year capital improvement plan (Facility Assessment Plan). Brown requested that the recent funding commitments of $250,000 and the $55,000 be included in the budget for next meeting. Discussion then ensued about programs. It was directed that Down Payment Assistance be included, but that research be done to understand what surrounding communities are doing, what has been successful, and what inventory is available in Faribault for qualified persons to purchase. Discussion also included the need to provide funding for the Fix Up program, to encourage homeowners to address issues with existing homes. This program has been successful in the past, and could be provided city-wide as a tool to improve the housing stock. Rand will do some research and come back with proposed program perimeters and guidelines. The HRA also expressed their desire to see the Downtown Rental Rehab program be funded.

Kennedy wanted to add to see if Rand could look into something we might be able to do with the homeless population that seems to be growing in our community.

No action taken at this time.

E. Resolution 2022-10 Approving the Property Tax Levy for 2023

Under State Statutes, the City must certify its property tax levy amounts to the County Auditor and accordingly, the Housing and Redevelopment Authority is asked to submit its final levy request to be included with the levy.

The maximum amount the Faribault HRA can levy based on the approved formula is $328,850. The levy is the HRA's primary source of flexible revenue that can be used to fund programs to fulfill the HRA mission.

After some discussion, the board felt that that the current ask is appropriate.

A motion was made by Brown, seconded by Ahlers to approve Resolution 2022-10 Adopting FY2023 Final Property Tax Levy as presented. Motion carried on a 5/0 vote.

7. Adjournment

A motion was made by Kennedy, seconded by Brown to adjourn the meeting at 7:45 p.m. Motion carried unanimously.

Respectfully Submitted,

Kari Casper, Recording Secretary