



HOUSING & REDEVELOPMENT AUTHORITY AGENDA

PUBLIC MEETING ROOM

MONDAY, MAY 9, 2022

6:00 PM

1. Call to Order
2. Approval of the Minutes
3. RAD Repositioning Update
4. Other Discussion
5. Adjournment

Faribault Housing and Redevelopment Authority
Meeting Minutes
April 11, 2022

Travis McColley was sworn in under Oath.

1. Call to Order / Approval of the Agenda

Chair Speckhals called the meeting to order at 6:01 p.m.

Members Present: Loni Ahlers, Travis Kath, Brenden Kennedy, Travis McColley, Matt Speckhals, and Jonathan Wood.

Members Absent: Narren Brown.

2. Minutes

A. Minutes of March 14, 2022.

A motion was made by McColley to approve the minutes of March 14, 2022 seconded by Ahlers as presented.

Motion carried on a 6/0 vote.

3. Program Reports

A. Mobile Home Buyout Program

No activity to report

B. Mobile Home Heat Tape Program

At the March HRA meeting, the HRA approved a contract for service with Ron Churchill to perform the installation of heat tape in the manufactured home parks. The contract has been executed, and Mr. Churchill has been provided with information for persons who have contacted our offices interested in the program. The manufactured home park managers have also been notified that the program is available.

A motion was made by McColley seconded by Wood to receive and file the report as written.

Motion carried on a 6/0 vote.

C. RAD/Repositioning Process

Staff presented that the Environmental Part 58 Review has been completed. The information is now being reviewed by the City Planner. The City Planner is required to review and sign the necessary forms for each property. Legal Counsel has prepared the

missing Declaration of Trust for Parcel 6 which was signed today. HUD has commented that a separate LLC must be established to acquire the public housing assets from the HRA. Establishing the LLC will be an action items in the near future. Staff will reach out to the consultant and invite them to an upcoming meeting to review and discuss the whole repositioning project and process.

A motion was made by McColley and seconded by Kennedy to receive and file. Motion carried on a 6/0 vote.

D. Sale of 1116 2nd St NW

The sale was finalized on April 8, 2022. The only change in the final purchase agreement was an amendment to the final date in which the new home must be complete, moving that completion date to 2025.

A motion was made by Ahlers and seconded by McColley to receive and file as presented. Motion carried on a 6/0 vote.

E. 230 Central Avenue Apartments

Nelson submitted the required report. The summary of work completed and associated photos were reviewed by John Rued, Building Official, who agreed with the summary of work completed and expected progress. The project is moving into the finishing stages as noted in the photos (flooring, doors and trim, plumbing and electrical fixtures.).

A motion was made by Kennedy, seconded by Ahlers to receive and file as presented. Motion carried on a 6/0 vote.

4. Property Management Reports

A. Robinwood Manor

The financial report for the month of February was briefly discussed.

A motion was made by McColley and seconded by Wood to receive and file as presented. Motion carried unanimously.

B. Public Housing

The financial report for the month of February was briefly discussed.

A motion was brought by Wood and seconded by McColley to receive and file as presented. Motion carried unanimously.

C. Scattered Sites Rental Housing

Nothing new to report.

A motion was made by McColley and seconded by Ahlers to receive and file the operating statements as submitted. Motion carried unanimously.

5. Public Hearing

None.

6. Items for Discussion

A. Approve Loan Agreement - 24 3rd Street NW

Commissioner Wood recused himself from the discussion.

Staff explained that at the September 14, 2020 meeting, the HRA heard a request for funding associated with the building located at 24 3rd Street NW, owned by the Masonic Lodge No. 9 (Owners). The Owners were renovating the lower level of the space into retail/office and the Masonic Lodge meeting area, and the upper floor into a studio apartment. Unexpected costs for the HVAC equipment caused the project to go over budget. The HRA agreed to provide funding in the form of a forgivable loan in the amount of \$2500. The funding would come from the HRA's General Fund, in the form of a forgivable loan, as no established program existed at the time to cover the request and approved funding.

The Owners have submitted receipts and are requesting disbursement of the forgivable loan. Prior to payment, the HRA is asked to review and execute the associated Repayment Agreement and Promissory Note associated with this loan.

A motion was made by Ahlers and seconded by McColley to approve and execute the Repayment Agreement and Promissory Note associated with a \$2500 forgivable loan for improvements at 24 3rd Street NW, and authorize Staff to take all actions associated with this action. Motion carried unanimously.

B. Preliminary Development Agreement with the Downtown Investment Group (DIG Holdings, LLC)

At the March 14, 2022 HRA meeting, Nort Johnson, Chris Kennelly, and Matt Drevlow representing the Downtown Investment Group (DIG Holdings, LLC.) presented their plans for the purchase and redevelopment of 13 properties in downtown. The properties represent 60,000 square feet of commercial/retail space, and 29 apartments (of which only 5 are occupied). The total project cost to acquire and complete the renovations is estimated at \$10.5 million. While DIG Holdings, LLC has a binding Purchase Agreement with the sellers, they are still seeking financing to complete the project - specifically \$1 million of grant funds from the HRA and EDA.

The HRA discussed the positive impacts that this proposed project can have in terms of preserving and redeveloping the downtown. They then reviewed available funds in the HRA General Fund. Ultimately, the HRA determined that they were willing to commit to providing a total \$500,000 from the General Fund, over two (2) years, and directed Staff to work with legal counsel to determine how best this action can be completed under the statutes regulating the HRA. The other conditions that the HRA requested was that HRA funding not be used for properties that have occupied apartments.

Staff worked with legal counsel to evaluate the appropriate legal mechanism to accomplish

the HRA's desired action. The HRA must adhere to a prescribed procedural process when providing public funding to ensure that evaluation of requests is universally fair and unbiased. Legal counsel recommended that the HRA enter into a Preliminary Agreement with DIG Holdings, LLC, which basically outlines that the HRA will endeavor to provide funding in the amount of \$500,000, and will work in good faith to review a specific funding request associated with a specific proposal at the appropriate time. In order for the HRA to actually provide the funding, there will need to be a specific project (for example: specific work identified on specific properties), the HRA will need to develop a specific program/program guidelines and transfer HRA general fund dollars into the program, and execute necessary loan documents.

A motion was made by McColley, seconded by Wood to approve, and execute the Preliminary Agreement between the HRA and DIG Holdings, LLC identifying the desire of the HRA to support the DIG Holdings, LLC project of acquiring and rehabilitating 13 properties in the downtown by providing up to \$500,000 in the form of a forgivable loan. Motion passed unanimously.

6. Adjournment

A motion was made by Wood and seconded by Kennedy to adjourn the meeting at 6:24 p.m. Motion carried unanimously.

Respectfully Submitted,

Kari Casper, Recording Secretary



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community and Economic Development Director
MEETING DATE: May 9, 2022
SUBJECT: RAD Repositioning Update

BACKGROUND:

The RAD Repositioning process is complex and lengthy. Nicole Wickliffe from Recap Advisors has agreed to provide a project update directly to the HRA. This is timely since the HRA has new members, and some major milestones in the process are nearing. Ms. Wickliffe will join the meeting via Zoom as a presenter, and will provide an update to the HRA on the following:

Overall process

1. Pending Action Items / Decision Points
2. Next Steps
3. Timeline

Attached is the original RAD Repositioning process chart. Ms. Wickliffe will also be able to answer any questions that the HRA may have regarding the process and timing. Kim Clausen will also be participating in the meeting via Zoom. Ms. Clausen is serving as the HRA project manager.

REQUESTED ACTION:

Provide direction and input on any pending action items related to the RAD Repositioning process

ATTACHMENTS:

1. Faribault MN Timeline - 5-1-22

Faribault, MN

Master Timeline RAD/Section 18 Small PHA Blend Transaction

	Name of Property			
		49		
	No Debt	Date	Assigned To	Notes
	Application Phase			
	Resident Consultation			
X	Set dates for two Resident Meetings			Need assistance with meeting?
	Draft and deliver the RAD Information Notices (RIN) to include Section 18 Blend			Nicole to send template
	Resident Meetings			
X	Prepare content for Resident Meetings - Meeting to touch on RAD and Section 18 Blend			
X	Hold Resident meetings and document Q&A			
	Prepare Applications			
	Complete a RAD Portfolio application if needed (lesser of 25% of units in portfolio or 4 Properties)	N/A		
	Complete individual RAD Application on-line that includes:			
	PIC information/contact info			
	RIN Notice			
	Summary of resident comments and Q&A			
	Post-RAD unit distribution			
	Current Utility Allowances			
	Overview of Conversion			
	Board Authorization to allow for submission of RAD Application			
	Prepare Section 18 Blend Documents (Not NEEDED TO APPLY FOR RAD)			
	Identify Section 18 units (33 Three Bedrooms and 7 Four Bedrooms)			
X	HUD PIH Field Office approval to partner with Rice County to Administer PBV's (Letterhead letter to Field Office)			
X	Mayor or Appointed Official Section 18 Support Letter			
X	Faribault Board Approval (MUST HAPPEN AFTER THE DATE ON THE MAYOR SUPPORT LETTER)			
	Prepare for Long-Lead Items			
X	Part 58 Environmental Review- To be completed by Responsible Entity or Third Party Vendor			Nicole to advise on this.
	Relocation Card on RD		Nicole	
	Begin the process to amend the PHA plan to include the RAD required language and S18 Blend. The plan must also include the Site and Neighborhood Certification.			
X	Run a Title Report: make sure there are no surprises- Title search back to "vested deed"			Important to ensure a HUD DOT has been recorded
X	Will need Attorney Opinion letter about PILOT or Tax Exemptions, whichever is in place-			Opinion letter must advise that it will be in place post conversion.
	Work with Rice County to prepare a MOU to identify duties of each party			
	CFFP and EPC debt must be addressed as part of conversion: if any			
	Implementation Phase			

Master Timeline RAD/Section 18 Small PHA Blend Transaction

	Name of Property			
	Commitment to Enter Into Housing Assistance Payments Contract ("CHAP")			
X	Receive and review CHAP for property for which application was submitted.			
	Request any necessary CHAP Amendments for OCAF adjustments and other reasons			
	Complete the PIC Removal Application and enter DDA# onto the RD.			
	The HUD Field Office must upload a certification approving the removal of non-dwelling assets with the conversion			
	Get familiar with the Resource Desk and give access to necessary individuals			
	Review the Transaction Page on the RD for accuracy			
	Make sure the financing plan grid on the RD matches the type of financing			
	Double Check Choice Mobility selection			
	RAD Launch Call			
X	Office of Recap may assign a RAD Transaction Manager			
	Resident Consultation			
	Schedule another resident meeting prior to the Concept Call. Send Notice.			
	Conduct Resident Meeting			
	Due Diligence for Concept Call - all items must be uploaded to the RD			
	Certification from Board that there are no Health and Safety etc			Nicole to provide a template
	Relocation Card on RD			
	Enter DDA# on Resource Desk			
	Complete the Conversion Overview Template			
	Complete Transaction Log			
	Complete the Concept Call Checklist on the RD			
	Request Concept Call			
	Resident Consultation			
	Schedule a resident meeting prior to the Financing Plan Submission. Send Notice.			
	Conduct Resident Meeting			
	Preparation for Long-Term Section 8			
	Begin the task of learning and preparing for the Section 8 program selected.			

Master Timeline RAD/Section 18 Small PHA Blend Transaction

Name of Property			
Upload Remaining Financing Plan Items			
PHA plan approval provided by the field office			
All resident meeting information held since CHAP issuance including question and answers			
Initial Year Funding Tool and 50075.1			
Evidence of Payoff of existing debt like EPC or CFFP, if applicable			
Financing Plan Certification			
Title Report			
Confirm Ownership data on the RD for RCC			
Upload Section 18 Blend Package- Mayor Support Letter, Resident Consultation, Board Approval etc.			
Closing Phase			
RAD Conversion Commitment			
Work with HUD's Financing Transaction Manager and PHA to provide all requested additional information needed for the Financing Plan approval.			
The RAD Conversion Commitment ("RCC") will be issued typically 60 days from FP submission.			
Review and execute the RCC - upload to the RD			
Prepare any needed amendments to the RCC			
Resident Notification			
The PHA must send written notice/update to the residents prior to Closing.			
Closing			
PHA will have 90 days to close a transaction once the RCC is received.			
Set up closing call with HUD assigned closing coordinator and legal counsel			
Work with PHA legal team and Recap Advisors to draft closing documents. Draft RAD closing packets must go to HUD 6 weeks prior to closing.			
Submit final draft closing package to CC and HUD attorney (within 15 days of Rate Lock)			
Upload draft closing package to the RD			
Respond to comments from HUD on closing docs			
HUD legal sends approval memo to HQ			
Get assignment for HUD release of DOT			
Close and record the transaction			

Master Timeline RAD/Section 18 Small PHA Blend Transaction

Name of Property			
Post-Closing Tasks			
Assist PHA with the Initial Year of Funding movement of public housing funds			
Upload Closing docket to RD			
Send recorded docs to CC			
Submit 50058 End of Participation for each resident			
Implementation of Long-Term Section 8			
Execute New Leases and other required Section 8 forms for resident file			Complete prior to HAP effective date
Arrange for Section 8 conversion training on specific systems and programs			
HAP Effective Date			