



308 Second Ave. NE, Austin, MN 55912
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REGULAR MEETING AGENDA

THURSDAY, NOVEMBER 19, 2015 @ 4:30 PM

Please let Jon or Sherri know if you cannot attend this meeting.

Four Commissioners must be present to constitute a quorum.

1. **Roll Call.**
2. Approve **Meeting Minutes** of October 15, 2015 and November 3, 2015.
3. Review **Accounts Payable.**
4. **Market Rate Housing:**
 - a. Courtyard – Discuss refinancing 2005A GO Bonds with the following scenarios:
 - 1.) Refinance with GO Bonds – See proposal by Ehlers.
 - 2.) Provide our own loan from Public Housing Funds.
5. **Executive Director Reports:**
 - a. CHIP – Update policy to include loans to landlords guidelines.
 - b. CHIP – Discuss purchase of 301 3rd St. SE to tear down.
 - c. HRA Goals for 2016/2017.
6. **Financial Statements for fiscal year end 9/30/2015:**
 - a. Public Housing – Twin Towers, Scattered Sites and Pickett Place.
 - b. Market Rate Housing – Austin Courtyard and Chauncey Apts.
 - c. Section 8 Vouchers,
 - 1.) Motion to transfer funds from GF to S8 to cover Admin. shortfall.
 - d. General Fund.
 - e. Community Housing Improvement Program.
 - f. Transitional Housing.
7. **Adjourn.**



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**MINUTES OF A REGULAR MEETING
OF THE HOUSING AND REDEVELOPMENT
AUTHORITY OF AUSTIN, MINNESOTA**

1.) Roll Call.

Date & Time: November 19, 2015 at 4:30 PM

Commissioners Present: Judy Enright, Chair
Janet Anderson, Secretary
Jerry McCarthy
Marvin Repinski
Leona Ruehmann

Commissioners Absent: David Hagen

HRA staff Present: Jon Erichson, Executive Director
Sherri Detloff, Finance Director

There being a quorum, the meeting was called to order by Chair Enright.

2.) Approval of Minutes.

It was moved by Commissioner Ruehmann and seconded by Commissioner McCarthy to approve minutes of the regular meeting on October 15, 2015. All present voted in favor thereof, none in opposition thereto. The motion was declared passed and carried.

It was moved by Commissioner Ruehmann and seconded by Commissioner McCarthy to approve minutes of the special meeting on November 3, 2015. All present voted in favor thereof, none in opposition thereto. The motion was declared passed and carried.

3.) Approval of Accounts Payable.

It was moved by Commissioner Repinski and seconded by Commissioner Anderson to authorize payment of the list of accounts payable. All present voted in favor thereof, none in opposition thereto. The motion was declared passed and carried.

4.) Market Rate Housing.

a. Courtyard – Discuss refinancing 2005A GO Bonds.

Austin Courtyard's General Obligation Bonds Series 2005A will become callable on 1/1/2016. The interest rate remaining on these bonds runs 4% to 4.3% thru 1/1/2025. Ehlers Public Finance ran a refunding scenario that has interest rates running .6% to 1.9% during the same 9 year payoff schedule if the HRA refinanced with GO bonds again. This would result in a present debt service savings of \$120,380 over the life of the new bonds.

At the same time, Finance Director Detloff also sent a request to HUD to gain permission to use excess Public Housing Funds to redeem the entire 2005A GO bond series instead with an internal Note Payable from Market Rate Housing to Public Housing general ledgers. This would enable the Public Housing excess funds to gain more interest income than could otherwise be gained through CD's or securities.

It was moved by Commissioner McCarthy and seconded by Commissioner Ruehmann to authorize the sale of GO Refunding Bonds if HUD denied the request to use Public Housing funds to redeem the 2005A Bonds. All present voted in favor of the motion, none in opposition thereto. The motion was passed and carried.

5.) Executive Director Reports.

a. CHIP – Update policy to include loans to landlord guidelines.

The HRA's CHIP Program currently allows loans to enable owner occupied property owners to make outside improvements and health/safety improvements to their properties. Executive Director Erichson is now proposing that rental properties be incorporated into the CHIP Program with the following guidelines for landlords if they want to procure a loan through the HRA.

- Landlord cannot have owned the property for more than 12 months.
- Outside building improvements only would be eligible (provides a visual benefit to the neighborhood).
- Loans cannot exceed \$10,000 to any one landlord.
- Interest rate 2.5%.
- Loan term 5 years maximum.

It is not the intent to reward landlords that have allowed properties to become rundown but to provide a means that would allow new landlords the ability to improve properties that might otherwise have a negative impact on neighborhoods.

As part of the General Fund FYE 2016 budget, \$75,000.00 was allocated to the CHIP program for rental property loans. Based on program demand we would evaluate the following criteria for future years funding.

- Demand
- Improved properties appearance
- Neighborhood benefit
- Increased tax base
- Loan success

It was moved by Commissioner Repinski and seconded by Commissioner Anderson to incorporate the stated landlord loan guidelines into the Community Housing Improvement Program (CHIP) Policies. All present voted in favor of the motion, none in opposition thereto. The motion was passed and carried.

b. CHIP – Discuss purchase of a dilapidated property at 301 3rd St. SE to tear down.

In October, Executive Director Erichson was approached by the owner of the property at 301 3rd St. SE to see if the HRA wanted to purchase this property, tear down the house and potentially develop the lot. The area in which the property is located has been discussed as a potential redevelopment neighborhood.

ED Erichson negotiated a price which was 50% of the Assessor Value of the property and the owner accepted which was conditional upon board approval. A budget in the amount of \$20,550 was presented to the Board for acquisition, demolition, asbestos testing and legal costs to clear this property. The Owner did agree to mitigate all asbestos at the property before acquisition by the HRA.

It was moved by Commissioner Repinski and seconded by Commissioner Anderson to authorize the Executive Director to purchase said property. All present voted in favor of the motion, none in opposition thereto. The motion was passed and carried.

c. HRA Goals for 2016-2017.

ED Erichson assembled an updated list of goals for 2016 & 2017 which was presented to the Board.

6.) Financial Statements for fiscal year end (FYE) 9/30/15.

Finance Director Detloff presented the following fiscal year-end financial statements for all the projects and programs the Austin HRA owns or operates.

a. Public Housing - Twin Towers, Scattered Sites and Pickett Place.

Twin Towers had a Net Income of \$1,763, Scattered Sites had a Net Loss of (\$42,222) and Pickett Place had a Net Income of \$94,021. HUD's operating subsidy was pro-rated at 89% for 3 months in 2014 and 85% for 9 months in 2015. There are adequate Public Housing reserves to cover any losses or HUD funding shortfalls.

b. Market Rate Housing – Austin Courtyard and Chauncey Apartments.

Austin Courtyard and Chauncey Apartments had a combined Net Income of \$160,564 which calculated to a debt service ratio of 119% which is above the required 105% as stated in the bond agreements.

c. Section 8 Rental Assistance Vouchers.

The Section 8 program is comprised of two parts – Administrative Funding and Housing Assistance Payments (HAP) funding. HUD gives HRA's a Admin. fee per leased unit per month to run the Section 8 program which supports salaries, benefits and other admin. costs. HAP funding is used to pay landlords for participants' rental assistance.

HAP Funding shows we have unspent HAP funds at FYE 9/30/15 of \$9,925.00 which translates into putting more participants on the Section 8 program through the end of the year utilizing these funds.

Admin. Funding lost \$16,687.92 this fiscal year due to HUD pro-rating the 2014 admin. fee by 79% and 2015 by 81% of normal fees. The HRA is responsible for covering any admin. loss with this program. It was anticipated that the Administrative budget would have a shortfall and General Funds were budgeted to address .

1.) Motion to Transfer funds from General Fund to Section 8 to cover Admin. shortfalls.

Previously this fiscal year the Board authorized a total of \$12,063.07 in operating transfers from the General Fund to cover losses from 10/1/14 through 8/31/15. It is now being requested to authorize the remaining amount for the September 2015 losses which amounted to \$4,624.85.

It was moved by Commissioner Ruehmann and seconded by Commissioner Repinski to approve the operating transfer from the General Fund to the Section 8 program for \$4,624.85 to cover the last month of admin. losses. All present voted in favor thereof, none in opposition thereto. The Chair declared the motion passed and carried.

d. General Fund. The General Fund had net income of \$107,206. Special Projects that funds were spend on included: BEEP Store Front Easements of \$75,000, DCA Partnership of \$20,000, Oak Park Mall Redevelopment of \$50,000 and Three Rivers Housing expenses of \$6,870. Operating Transfers to our own programs were \$50,000 for CHIP and \$16,687.92 to Section 8.

e. Community Housing Improvement Program (CHIP). There are 3 programs that flow through the CHIP financial statement, they are: CHIP Loans, MHFA Loans and DEED's SCDP Grant for the Crane Neighborhood. There are currently 21 CHIP homeowner loans outstanding for \$48,382 to income qualified homeowners . Karen also closed 1 MHFA Loan totaling \$8,530. If a loan was determined to be too large for the HRA to fund, then a MHFA loan would be used instead for the owner's home improvement project.

f. Transitional Housing. The transitional house is a 4-plex and 2 units are used by the Crime Victim's Resource center and 2 units are rented out by the HRA on a permanent basis to make the building cash flow. No staff time is charged to this project and usually breaks close to even every year. A deferred loan for \$108,351 was forgiven by MHFA this year. MHFA documents stated that the original loan to purchase this property would be forgiven in 20 years at 0% interest if we owned and operated it for that time period and that period was up May 31, 2015.

7.) Adjourn:

There being no further business it was moved by Commissioner McCarthy and seconded by Commissioner Anderson to adjourn the meeting. All present voted in favor of the motion, none in opposition thereto. The motion was passed and carried. The meeting was adjourned at 6:00 PM.

Judy Enright, Chair

SEAL

Janet Anderson, Secretary