



308 Second Ave. NE, Austin, MN 55912
Phone 507-433-1866 Fax 507-433-8317
Website www.austinhra.org

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

1.) Roll Call.

Date & Time: November 21, 2013 at 4:30 PM

Commissioners Present: Joyce Poshusta, Chair
Marvin Repinski, Vice-Chair
Marilyn Prenosil, Secretary
Roger Boughton
Janet Anderson
Judy Enright

Commissioners Absent: Shirley Schlieve

HRA staff Present: Jon Erichson, Executive Director
Sherri Detloff, Finance Director
Karen Mattson, Property Manager
Sheryl Monson, Section 8 Specialist

There being a quorum, the meeting was called to order by Vice-Chair Repinski. (Chair Poshusta arrived 15 minutes late and the Vice-Chair conducted the meeting.)

2.) Approval of Minutes.

It was moved by Commissioner Boughton and seconded by Commissioner Prenosil to approve the minutes of the regular meeting on October 17, 2013. All present voted in favor thereof, none in opposition thereto. The Vice-Chair declared the motion passed and carried.

3.) Approval of Accounts Payable.

After several questions on accounts payable invoices it was moved by Commissioner Boughton 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 Vice-Chair declared the motion passed and carried.

4.) Fiscal Year End (FYE) 9/30/13 Financial Statements:

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 and Scattered Sites had operating losses due to the loss of operating subsidy for 2012 and sequestration cuts of 18% for 2013. Pickett Place broke even. Detloff also explained expense line items that were over-budget by a large margin for each of the three projects.

At Twin Towers over-budget items include extermination services for bed bugs, carpeting as carpet budgeted for 2012 was not ordered until 2013 budget along with the 2013 allotment of carpet, plumbing was over because the water pumps were replaced on the boilers and heating and cooling were over because an outside compressor for an A/C unit had to be relocated and the office A/C needed major repairs.

At the Scattered Sites over-budget items include maintenance materials as insulation was purchased for a number of homes and the maintenance man blew this insulation into the attics, appliances were over as there were more appliances than usual that failed as well as heating line item because of furnace failures. Extermination services for bed bugs was also over.

At Pickett Place over-budget items include carpeting as carpet budgeted for 2012 was not ordered until 2013 budget along with the 2013 allotment of carpet and plumbing was over because of resetting all toilets with new neoprene gaskets as the wax rings were blowing out due to the new pressure assist toilets that were installed and shower glide-bars were installed in all apartments.

- b. **Capital Fund Statement for Public Housing.** The Capital Fund Statement for the major capital improvement projects for Public Housing are given to Commissioners monthly. Commissioners were asked if they had any questions about any of the projects. Up-coming projects were also identified.

- c. **Market Rate Housing.** Austin Courtyard and Chauncey Apartments have positive cash flows with a combined debt service ratio of 119% which is above the required 105% as stated in the bond agreements.

At Austin Courtyard the large over-budget item was carpeting as the carpet in the 2nd floor hallway was replaced. Heat Exchangers were replaced in all the apartments but that work was paid out of the Replacement Reserve Account and not operations. Originally 5 exchangers were budgeted in the heating line item but they were failing so fast that it was decided to replace them all at once.

At Chauncey Apts. the large over-budget item was Heating & Cooling as a number of air conditioner compressors failed in apartments and the hallways.

- d. **Section 8 Vouchers.** This program is split into two parts. Administrative funding supports salaries, benefits and other admin. costs to run the program. HUD gives HRA's a flat fee per unit per month to run the Section 8 program. Housing Assistance Payments (HAP) funding is used to pay landlords for participants' rental assistance.

Admin. Funding lost \$35,406 this year due to government sequestration cuts which pro-rated the admin. rate at 69% of normal for year 2013. The balance in the Admin. reserve account at FYE 9/30/12 was \$20,390.79 less this year's loss of \$35,405.81 left a shortfall of (\$15,015.02) at fiscal year-end 9/30/13.

HAP Funding also lost \$29,292.00 due to sequestration cuts. The balance in the HAP reserve account at FYE 9/30/12 was \$7,861.50 less this year's loss of \$29,292.00 left a shortfall of (\$21,430.50). Of that amount \$15,433 was transferred from General Fund to Section 8 to cover that portion of the loss at Voucher's calendar year end 12/31/2012, so the balance of \$5,997.50 also has to be funded via a transfer from the General Fund at fiscal year-end 9/30/13.

Motion to Transfer funds from the General Fund to the Section 8 Program.

It was moved by Commissioner Boughton and seconded by Commissioner Enright to approve the operating transfer from the General Fund to the Section 8 program totaling \$21,012.52 to cover the Admin. loss of \$15,015.02 and HAP loss of \$5,997.50. All present voted in favor thereof, none in opposition thereto. The Vice-Chair declared the motion passed and carried. These are anticipated losses based on the sequestration and the HRA has budgeted \$50,000.00 for 2014 to fund any losses

- e. **General Fund.** The General Fund had a positive net income. There were no large over-budget items to mention.
- f. **Housing Improvement Program.** The program is off to a good start this fiscal year. So far there are 7 loans outstanding to low-income qualified homeowners that took advantage of the 2% interest rate the HRA is charging and 4 very-low income qualified homeowners received grants to improve their houses. The grant expenses are funded by the Hormel Foundation grant money that was awarded to the HRA. Once Spring arrives a new neighborhood will be targeted for rehabilitation.

It was also explained that any MHFA loans given to homeowners also run through the HIP program. Karen Mattson said that if the loan was determined to be too high for the HRA to fund, that a MHFA loan would be used instead for the owner's home improvement project.

There was one house that the HRA purchased and rehabbed at 1003 8th Ave. NW. It was sold at a loss of \$26,363 which was reflected in this year's financial statements.

- g. **Transitional Housing.** Detloff reported that the transitional house is a 4-plex and 2 units are used by the Crime Victim's Resource center and 2 units are rented by the HRA on a permanent basis to make this building cash flow. This project usually breaks even every year. No staff time is charged to this project. There is a deferred loan against this

project at 0% interest from MHFA for purchasing it and rehabbing it. This will be forgiven in 20 years as long as we own and operate the building.

5.) Housing:

a. Section 8 - Resolution to open the waiting list effective 1/1/2014.

Karen Mattson reported that staff has processed applications for the Section 8 program through February 2013. There are 117 applicants currently on the waiting list that live in Mower County dated after February 2013. Now that it is under 1 year long, it is recommended that the waiting list be open again for applicants to apply for the Section 8 program.

It was moved by Commissioner Anderson and seconded by Commissioner Enright to open the waiting list effective 1/1/2014.

**Resolution #540
Resolution authorizing the opening of the
Section 8 Waiting List.**

All present voted in favor thereof, none in opposition thereto. The Vice-Chair declared the resolution passed and adopted.

b. Re-entry program for offenders through the MN Dept. of Corrections. Motion to approve submission of a joint application for funding with other HRA's in SE MN.

Executive Director Erichson explained that this program is similar to the Section 8 and Bridges program in which we would receive approx. 5 vouchers to use to house people being released from prison that are from Mower County. The Austin HRA would receive an administrative payment estimated at \$50.00 per person per month. This reimbursement is from the State of Minnesota and administrated by the Owatonna HRA.

It was moved by Commissioner Prenosil and seconded by Commissioner Boughton to submit a joint application with the other HRA's involved for this re-entry program. All present voted in favor thereof, none in opposition thereto. The Vice-Chair declared the motion passed and adopted.

c. Twin Towers - 40 year Anniversary party for tenants on 12/19/13.

Executive Director Erichson said that Twin Towers was 40 years old in March 2013. Shirley Schlieve and Karen Mattson have been working on planning a party including entertainment to occur 12/19/13 at 5:30 PM. The HRA Board meeting would occur at 4:30 PM with all going over to the Twin Towers for the dinner at 5:30. There usually are limited items on the December agenda so it is anticipated that 1 hour will be long enough for the Board meeting to occur.

6.) Executive Director Reports:

a. Discussion on covering costs if an employee brings bed bugs home.

Executive Director Erichson explained that so far no employee has brought any bed bugs home from our projects, but feels if this were to occur that the HRA should cover the costs to exterminate them. It was the consensus of the Board that yes the HRA would cover the cost if this occurred.

b. HIP -Update on Mary Janning's house at 409 2nd St SW.

Executive Director Erichson has been in contact with Mary Janning. The City has received numerous complaints over the years regarding her property's condition. Craig Hoium referred this property to the HRA and it became part of the HIP program to clean up her yard. Erichson and Mattson inspected her house and found that it was not repairable however and should be demolished. It took a few months, but Ms. Janning was finally agreeable to have her house appraised. The appraisal came in at \$16,000. Ms. Janning was given a purchase offer to buy her property for \$16,000 to which she just signed it the morning of the Board meeting. The City was approached with a 50/50 split on the purchase offer and they agreed to that at the last City Council meeting.

It was moved by Commissioner Boughton and seconded by Commissioner Enright to pay ½ or \$8,000 for Ms. Janning's property. All present voted in favor thereof, none in opposition thereto. The Vice-Chair declared the motion passed and adopted.

The estimate to tear down her property will run somewhere between \$15,000 and \$20,000. Erichson has approached Vision 2020 for a potential Hormel Foundation grant to cover these costs. If this does not occur, then the HRA could use our HIP Hormel Foundation grant funds. There are a number of reuses for this property on the table. Any future proceeds upon resale of the lot would be split between the HRA and City of Austin.

c. Flood Project - Update on constructing a temporary street through the Pickett Place parking lot.

Commissioner Prenosil wanted clarification on Executive Director Erichson's email to allow the City to construct a temporary street from the YMCA parking lot through the Pickett Place parking lot so drivers could exit out our lot onto 8th Ave. NW because Main Street will be closed next year for the Flood management project. Erichson gave the City permission to do so because of weather constraints and had wanted to let the Board know of his intentions and asked the Board if they had any concerns. HRA staff had indicated that this action did not need prior Board approval.

7.) Other Business:

a. Southeast Service Coop - Voting Ballots for SESC Board Member. Ballots to elect a board member to the Southeast Service Coop (SESC) government pool were distributed to the Commissioners for voting. SESC administers the health insurance for the HRA.

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

Joyce Poshusta, Chair

SEAL

Marilyn Prenosil, Secretary