

**MINUTES OF THE
RESCHEDULED REGULAR MEETING
OF THE COMMISSIONERS OF THE
HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA
HELD ON THE 1ST DAY OF MARCH, 2016**

The Commissioners of the Housing and Redevelopment Authority of Duluth, Minnesota, met in a Rescheduled Regular Meeting in the Community Room located on the Second Floor of King Manor, 222 East Second Street, Duluth, Minnesota at 3:30 P.M. on the 1st day of March, 2016.

The Chair called the Meeting to order and on roll call the following members were found to be present: Commissioners Boshey, Cuneo, Glumac, Julsrud, and Rolle. Commissioner Johnson was absent. The Chair declared a quorum present.

Also present were Jill A. Knutson-Kaske, Executive Director; staff members Carla Schneider, Maureen Zupancich, David Peterson, and Pam Benson; Dan Maddy, Legal Counsel; Michael Talarico, Talarico Law Firm; and Barbara Findley, King Manor resident.

SCHEDULED PUBLIC HEARINGS

None.

UNFINISHED BUSINESS

None.

CONSENT AGENDA:

The following items were introduced by Commissioner Julsrud:

MINUTES OF THE ANNUAL MEETING OF JANUARY 26, 2016

MINUTES OF THE SCHEDULED REGULAR MEETING OF JANUARY 26, 2016

FINANCIAL REPORT FOR PERIOD ENDING JANUARY 31, 2016

**RESOLUTION NO. 3650-16
RESOLUTION AUTHORIZING THE DIRECT CONTINGENT SALE
OF LOT 16, BLOCK 4, HAWK RIDGE ESTATES FIRST ADDITION
TO MEGAN L. AND JUSTIN N. SWAP
BY THE HOUSING AND REDEVELOPMENT AUTHORITY**

Commissioner Julsrud moved that the foregoing Items A, B, C, and D be approved as introduced. Commissioner Glumac seconded the motion.

Roll was called with the following results:

Ayes: Commissioners Boshey, Cuneo, Glumac, Julsrud, and Rolle

Nays: None

The Chair declared the motion carried and said items approved as introduced and read.

DISCUSSION ITEMS

RESOLUTION AUTHORIZING COMMITMENT OF AN ADDITIONAL \$200,000 AS PART OF THE BUILD UP DULUTH (CENTRAL AND EAST HILLSIDES) PROGRAM

The Executive Director explained that this Resolution would authorize the commitment of \$200,000 to the Build Up Duluth program. She reminded the Board that they had authorized \$990,000 to the Build Up Duluth program, which was comprised of two components. The first component was for single family new construction homeownership and the second component was owner occupied rental rehab. The program has been successful with all the funds being fully obligated. There are two new homes being built in the hillside, and they have rehabilitated 11 units of owner occupied rental rehab, as well as brought two new landlords into the hillside. There is considerable interest in the program, but they do not have any additional funding committed to continue the program until the model homes are sold. She explained that if this Resolution was approved, the \$200,000 earmarked would provide \$25,000 down payment assistance to a buyer interested in building and occupying a home in the hillside. In addition, a buyer could receive a lot with the value of that lot being \$25,000, so essentially they would have a \$50,000 loan that was forgivable at a rate of 10 percent per year as long as the continued to occupy the home. Currently the Authority only has three lots in the hillside, so they will work with the County to acquire more tax forfeit properties. She explained that her goal for these funds was to focus on the owner occupied single family new construction component of the program with the funds coming from the developer fees received from the various HOPE VI phases. The following Resolution was introduced by Commissioner Julsrud:

RESOLUTION NO. 3651-16 RESOLUTION AUTHORIZING COMMITMENT OF AN ADDITIONAL \$200,000 AS PART OF THE BUILD UP DULUTH (CENTRAL AND EAST HILLSIDES) PROGRAM

Commissioner Julsrud moved that the foregoing Resolution be approved as introduced. Commissioner Glumac seconded the motion.

The Executive Director and David Peterson, Development Coordinator, answered Commissioners' questions.

Roll was called with the following results:

Ayes: Commissioners Boshey, Cuneo, Glumac, Julsrud, and Rolle

Nays: None

The Chair declared the motion carried and said Resolution approved as introduced and read.

RESOLUTION APPROVING THE SACKETTE ADDITION HOUSING PROGRAM AND LOT PRICING

The Executive Director explained that the Authority owned four lots in the Piedmont neighborhood on Denim Street known as the Sackette Addition properties. They have been unsuccessful in selling these lots outright, so they were proposing to set up a very small program that would work similar to the soft seconds at Hawk Ridge, by selling the lots for \$61,000 to \$65,000 a lot and offer a \$20,000 soft second. This would help the property owner by allowing them to pay only \$45,000 for the lot. The \$20,000 soft second would differ from Hawk Ridge as it would become due in 10 years rather 30 years, or upon sale or refinance of the house, whichever comes first. Maureen Zupancich, Comptroller, David Peterson, and the Executive Director spoke with St. Louis County staff, and it was determined that after all soft seconds were paid back the Authority may come out ahead by approximately \$3,000. However, it is like that the advertising, legal, and various other costs would be higher than that. She did not believe that the lots could be priced any higher for that neighborhood, but in the end, the HRA would have furthered new housing development in Duluth as well as preserved some wetlands. The following Resolution was introduced by Commissioner Glumac:

RESOLUTION NO. 3652-16 RESOLUTION APPROVING THE SACKETTE ADDITION HOUSING PROGRAM AND LOT PRICING

Commissioner Glumac moved that the foregoing Resolution be approved as introduced. Commissioner Cuneo seconded the motion.

David Peterson explained to the Board that there has been more interest in these lots

since they have changed their advertising, and he was hopeful that they would be bringing the sale of one of these lots to the Board within the next few months.

Roll was called with the following results:

Ayes: Commissioners Boshey, Cuneo, Glumac, Julsrud, and Rolle

Nays: None

The Chair declared the motion carried and said Resolution approved as introduced and read.

COMMUNICATIONS/CORRESPONDENCE

The Executive Director mentioned that in Commissioners' green folders were the Esmond report for January, an article regarding Morgan Park School development, and an article about the consequences of losing your housing. The dashboard was also included in Commissioners' green folders along with a development chart that would be discussed during the Report of the Executive Director portion of the agenda. Also included in the folders was a copy of an email the Executive Director had sent to the Authority's political stakeholders, including the City Councilors, the Mayor's office, the State Senators and Representatives, the DEDA Executive Director, and the HRA Board members, inviting them to a RAD input and feedback session. There may also be another opportunity for Commissioners to attend a RAD presentation if she can get it on the Affordable Housing Coalition's agenda.

The Chair asked if financials for the Esmond Building were available, and Maureen Zupancich indicated she could provide those.

REPORTS OF COMMITTEES

Rehab Advisory Committee: The Rehab Advisory Committee had not met.

Finance Committee: The Finance Committee had met. The Chair and Legal Counsel mentioned that the RAD presentation at yesterday's Finance Committee meeting was well done and made the complex RAD initiative understandable.

OPPORTUNITY FOR VISITORS TO BE HEARD

None.

BUSINESS BY COMMISSIONERS

The Executive Director explained that she had met with the department directors regarding the dashboard to establish new milestones for 2016 that fit as next steps for the established goals and strategies. She wanted to make the dashboard more user friendly and something the Board could look at month to month to see what was happening in each area, and use it as a guide to the Authority's work throughout the year. She would appreciate any comments, feedback, or suggestions the Board might have.

Goal 1: The milestones for 2016 overall focus is on reviewing reports from the City, such as the rental market study, which will help identify those gaps and the role that the HRA can play in filling these gaps. She indicated the Authority would also submit the tax levy request and explore other sources of funding for housing projects.

Goal 2: In Goal 2, the Executive Director and staff looked at blighted properties and rehab of existing housing stock, and new construction under the Build Up Duluth program. Also, if the Homes for All campaign is successful the Authority would have the opportunity to apply for POHP (Publically Owned Housing Program) funds. Any funds attained through this program would be used to assist with the capital needs of public housing.

Goal 3: The Executive Director explained that they were looking at engaging the residents through surveys and education, and also applying for a ROSS (Resident Opportunities and Self Sufficiency) grant which would assist the Authority in moving forward with the service components for self sufficiency for the RAD, Gateway Tower, and Esmond Building initiatives.

Goal 4: The Executive Director indicated that this goal focused on diversifying revenue streams. Some ideas included expanding the coordinated entry, taking over the management of Gateway, exploring opportunities such as Phase V at Harbor Highlands, becoming a development partner with targeted projects. Much of Goal 4 in 2016 will include planning for the future and future income streams as the Authority hopefully takes over the phases of HOPE VI.

Goal 5: The Executive reported that this Goal was the energy conservation goal. In 2016, the Authority planned on looking for cost effective energy saving measures with the capital fund projects or projects with the City and nonprofit partners, applying for applicable energy rebates, and advocacy for promoting more affordable renewable energy resources.

Goal 6: This is the Authority's human resources goal. It is hoped that positions will be added and job descriptions will be updated, during union negotiations. The Authority also plans to survey the staff to see what they would like to see as far as movement within the Authority. In this way, management can proactively reach out to staff when those opportunities arise internally. She mentioned that they will continue to do staff training

as always. Currently it appears training needs for 2016 will focus on environmental training such as asbestos and radon. They will continue to encourage wellness and HRA participation in the wellness activities.

Goal 7: The Executive Director indicated that this was the marketing goal. She would like to see the Authority's websites consolidated and improved. She would like to see a video, brochure, or other medium that was modern and could be used in promoting the HRA and all of its components, and she'd like to see a report that was accessible to all of the HRA's partners and policy makers.

The Chair mentioned that he liked the difference of form for the dashboard.

REPORT OF EXECUTIVE DIRECTOR

The Executive Director reported that their projects continue to move forward. Carla has been attending the Gateway meetings, and Lynne Snyder, Director of Rehab and Real Estate, and her staff were working on the lead program component at Gateway.

The RAD development partners from Illinois and the Twin Cities gave an explanatory and very understandable powerpoint presentation to the Finance Committee on February 29th. Commissioner Julsrud asked for a paper copy of the powerpoint presentation.

The Executive Director and Pam Benson, Director of Housing Services attended a Garfield Square planning meeting (the development which will be built in Lincoln Park to provide the Esmond residents a better housing choice.)

The Executive Director reported that the Tenant Landlord Connection funders had met to help set the 2016 goals for that program, and she reminded Commissioners that the Authority had committed \$20,000 a year to help fund the Tenant Landlord Connection contingent on continued City and County funding. One Roof presented those goals to the Community Development Committee at their meeting.

The Executive Director indicated she continued attending housing policy meetings and the HRC Executive Committee meetings.

The Executive Director mentioned that the commercial renovations at the Esmond Building were continuing. The plumbing has been approved. She was working with Lynne and rehab staff regarding potential exterior lighting, interior commercial space clean up, and new blinds and signage for the appliance store.

The Executive Director reported that the Affordable Housing Coalition and the At Home Core Group continue to meet on a monthly basis.

The Executive Director explained that at Hawk Ridge there were two spots that they anticipate that the lots were going to be difficult to sell, so they have been considering combining two lots on these two spots, even though this would have some impact on the TIF and the bond payment. This will probably be brought to the Board at next month's Board meeting.

The Executive Director explained that since many Commissioners had been unable to attend the Annual Board dinner, she wanted to take this opportunity to explain what she and David were considering for possible future development in Duluth, and the role of the Authority in this future development. David explained that Duluth was a community of approximately 22,000 homes, most of which were built prior to 1950, so from generation to generation there has always been a certain amount of blight in neighborhoods. Part of the Authority's responsibility is to address ongoing blight eradication and seed the neighborhoods with new vitality. This is being done with Build Up Duluth. As for new development, as Hawk Ridge Estates continues to wind down, Morgan Park seems to be a neighborhood well suited for new single family home ownership development. Rather than more rentals in Morgan Park, they would rather see more owner occupied homes in that area. They also would like to see a common neighborhood architectural association come together to help address bringing some continuity to the exteriors of the historic block houses in the area. They would explore creating a TIF district for the funding to back this. They may also explore the concept of building homes with a "mother-in-law" apartment, and the urban orchards concept. The Executive Director distributed photos of a concept for tiny houses that the architects had developed for the area overlooking Spirit Bay. David explained that they were looking for feedback from the Board before the Authority started talking to the neighborhood.

Commissioners provided much feedback, suggestions, and asked many questions.

The Executive Director mentioned other ways the Authority is involved or could be involved in development across the City. She indicated that the Ramsey affordable senior housing project was making some progress with land assembly, and that they continued to work on developing a plan for mixed income housing at Harbor Highlands. She explained that at Gateway Tower the Authority was a lender, there was a TIF plan in place at Point of Rocks, the Authority was helping with the land conveyance at Garfield Square and project based vouchers, the development future of medical district was still an unknown, and the Authority would potentially provide vouchers at Nettleton Apartments. She indicated that there were other related initiatives such as the Esmond, helping the Advancing Lincoln Park partners in furthering their craft theme, the river corridor, acquisition/demolition to remove blight and decrease density, rehab existing housing stock such as the property brothers project, RAD, and purchasing Matterhorn and other HOPE VI phases.

REPORT OF LEGAL COUNSEL: MONTHLY ACTIVITIES

Legal Counsel indicated that in addition to his work on portions of RAD, Gateway, and Build Up Duluth, Melissa Maloney, Matt Hanka, and Chris Virta have been involved in as much of the HRA business as possible, as part of his pledge to create a generational transition over time, but he has no desire or intention to stop working on HRA matters. He indicated he had no reason to go to closed session, but he did have a brief litigation report. As reported last month, because a decision made by one of the courts, lawyers were being required to be much more involved in the eviction process, which was resulting in a large amount of unbudgeted cost. He and Chris have met with Pam Benson and Diane Martin to try to find ways to be as efficient as possible and to allow the HRA staff to do as much of the work as they could in the eviction process without violating the directives of the court. He also had reported that at a previous Board meeting he explained that there had been a lawsuit brought against the Authority by a citizen relating to the Authority's efforts to obtain and convey a parcel of land to the Northwoods Children's Home. That put the efforts to convey the property on hold, but the court had recently ruled in the Authority's favor and dismissed that action on a couple of different grounds, and with prejudice, there was a 60 day period of time for that decision to be appealed. The judgment was entered on the 19th of February, so after sixty days they will know if the action was going to continue or if the Authority's victory would be preserved. He expected that at some point they would continue the conveyance to Northwoods Children's Home, so he will ask them to sign the amendment to the purchase agreement which would include an indemnification to the Authority. The litigation portion of the work that the Fryberger firm had done to this point was being paid for by the insurer of one of the lawyers that represents the Northwoods Children's Home because the loss of the property had been due to a mistake.

OTHER BUSINESS

None.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 4:15 P.M.

Chair

ATTEST:

Secretary

Rescheduled Regular Meeting – March 1, 2016