

**MINUTES OF THE SCHEDULED SPECIAL MEETING
OF THE COMMISSIONERS OF THE
HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA
HELD ON THE 30th DAY OF DECEMBER, 2019**

The Commissioners of the Housing and Redevelopment Authority of Duluth, Minnesota, met in a Scheduled Special Meeting in the Conference Room located on the First Floor of King Manor, 222 East Second Street, Duluth, Minnesota at 12:00 P.M. on the 30th day of December, 2019.

The Chair called the Meeting to order and on roll call the following members were found to be present: Commissioners Talarico, Glumac, Sipress, Cich, Nephew, and Gilbert. Commissioner Boshey was absent.

The Chair declared a quorum present.

Also present were Jill Keppers, Executive Director; and staff members Bridget Brine and Rachel Downs; and Dan Maddy, Legal Counsel.

DISCUSSION ITEMS

**RESOLUTION APPROVING THE HOUSING AND REDEVELOPMENT AUTHORITY
OF DULUTH, MINNESOTA BYLAWS AMENDMENT**

The Executive Director reviewed the changes to bylaws being presented. She highlighted the need for the changes primarily to allow for electronic storage of meeting minutes and electronic meeting notices.

The following Resolution was introduced by Commissioner Nephew.

**RESOLUTION NO. 4017-19
RESOLUTION APPROVING THE HOUSING AND REDEVELOPMENT AUTHORITY
OF DULUTH, MINNESOTA BYLAWS AMENDMENT**

Commissioner Nephew moved that the foregoing Resolution be approved as introduced.
Commissioner Sipress seconded the motion.

Roll was called with the following results:

Ayes: Commissioners Talarico, Glumac, Sipress, Cich, Nephew, and Gilbert

Nays: None

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

RESOLUTION AUTHORIZING HOUSING CHOICE VOUCHER PAYMENT STANDARDS

The Executive Director reviewed with Commissioners the voucher payment standards being presented. She explained that staff were surprised when the fair market rents (FMRs) from HUD came out this fall and they went down for 2020. She and staff had expected to be raising the payment standards to help with voucher utilization; but instead today she was presenting lowering amounts for one, two, and three bedroom units to remain in compliance with the 110% of FMR maximum allowed by HUD.

Commissioner Nephew asked if there was a way to separate Duluth from the rest of St. Louis County. The Executive Director explained that the option available to the Authority was to go by zip code. This option was discussed and weighed by staff, but because of the risk for error and the complicated nature of that process it was decided not to use that option at this time. However, if FMRs decrease again, then it would be imperative for the Authority to move to a zip code based system because the payment standards at this level are not keeping up with rents in Duluth.

Rachel Downs, Rent Subsidy Supervisor, added that staff had worked with HUD to ask for an exception which would have allowed for payment standards to be at 120% of the FMRs, but that was denied.

Commissioner Sipress asked for more details on how that exception process works. The Executive Director explained that there is an established process, but the Authority didn't qualify. She would bring back more details to the board at the January meeting.

Commissioners discussed options of separating Duluth from the rest of the county including the impact on other jurisdictions (if allowed by HUD); however, it appeared that the zip code option may be most viable if FMRs don't increase.

The following Resolution was introduced by Commissioner Sipress:

RESOLUTION NO. 4018-19 RESOLUTION AUTHORIZING HOUSING CHOICE VOUCHER PAYMENT STANDARDS

Commissioner Sipress moved that the foregoing Resolution be approved as introduced. Commissioner Cich seconded the motion.

Roll was called with the following results:

Ayes: Commissioners Talarico, Glumac, Sipress, Cich, Nephew, and Gilbert

Nays: None

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

RESOLUTION AUTHORIZING THE SALE OF 917 E. 10TH ST., DULUTH, MINNESOTA TO KYLE AND LUWILYN MALONE BY THE HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

The Executive Director reminded Commissioners that the price for this Build Up Duluth house was set by the board at \$280,000. She explained that the Authority received an offer and she worked with Commissioner Nephew to negotiate the price before the Commissioners today. The current offer is \$278,000 with the Authority contributing up to \$6,500 in closing costs. The resolution also has a 2.5% commission to the buyer's agent as was established in the initial resolution.

Commissioner Nephew said she thought the price was very good considering the location of the homes. Additionally, she stated that the Authority should be proud that they were the first to establish comparables in that neighborhood at that price point; and the HRA has started the process of change in that neighborhood.

The following Resolution was introduced by Commissioner Nephew.

**RESOLUTION NO. 4019-19
RESOLUTION AUTHORIZING THE SALE OF 917 E. 10TH ST., DULUTH, MINNESOTA TO KYLE AND LUWILYN MALONE BY THE HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA**

Commissioner Nephew moved that the foregoing Resolution be approved as introduced. Commissioner Gilbert seconded the motion.

Roll was called with the following results:

Ayes: Commissioners Talarico, Glumac, Sipress, Cich, Nephew, and Gilbert

Nays: None

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

OTHER BUSINESS

Pathways to Employment – Construction Program Concept

The Executive Director sought feedback from the Board on the Pathways to Employment – Construction Program Concept. She reviewed the points of the program.

Commissioner Sipress asked about funding for the program. The Executive Director explained that approximately \$225,000 would be used over three years to seed the program. The money would come from the General Fund.

The Commissioners encouraged the Executive Director to bring in the trades so they could see it

as a partnership and a feeder program for their apprentice programs. Also, this program would still contract with the trades for plumbing and electrical.

Other feedback included encouraging working with Lake Superior College, and the fact that Commissioners liked both the job training aspect and that two new affordable units may come out of this pilot.

Commissioners gave favorable feedback and asked the Executive Director to move forward and bring it to the Board in January.

Harbor Highlands Phase I Update

Dan Maddy, Legal Counsel, gave an update to the board on the status of the purchase of Harborview Phase I. He explained that the lien and payment priorities have stayed in place with the Authority having lien and payment priority over Minnesota Housing (MHFA) and Greater Minnesota Housing Fund (GMHF). That part of the business deal is preserved. However, because MHFA insisted on using their form of Master Subordination Agreement, all documents will become "loan" documents even if they are not loans. This means that the Authority will not be able to make changes to the Regulatory and Operating Agreement, for example, without consent of both MHFA and GMHF. This may impact the ability to reposition public housing in the future. It is likely that consent would be granted, but MHFA or GMHF may want something in return such as repayment. It was important to the Executive Director that the Commissioners be fully informed of some of the nuances that will need to be agreed to in order to complete this purchase.

Legal Counsel and the Executive Director answered Commissioners' questions. Commissioners did not object to the Executive Director moving forward with the purchase.

ADJOURNMENT

There being no further business to come before the Board, the Special meeting was adjourned at 12:40 P.M.


Chair

ATTEST:


Secretary

Next Scheduled Regular Meeting – January 28, 2020