

**MINUTES OF THE
SCHEDULED REGULAR MEETING
OF THE COMMISSIONERS OF THE
HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA
HELD ON THE 26TH DAY OF MARCH, 2019**

The Commissioners of the Housing and Redevelopment Authority of Duluth, Minnesota, met in a Scheduled 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 26th day of March, 2019.

The Chair called the meeting to order and on roll call the following members were found to be present: Commissioners Cich, Nephew, Sipress, and Talarico. Commissioners Boshey and Glumac were absent. The Chair declared a quorum present.

Also present were Jill A. Keppers, Executive Director; staff members Maureen Zupancich, Lynne Snyder, and Cindy Weiske; Chris Virta, Legal Counsel; Greg Gilbert, nominated HRA Commissioner; Barb Findley, President of King Manor Residents Club and Annie Abraham, Secretary of King Manor Residents Club; and Roger Endres, President of Midtowne II Residents Club.

SCHEDULED PUBLIC HEARINGS

None.

UNFINISHED BUSINESS

None.

CONSENT AGENDA:

The following items were introduced by Commissioner Sipress:

**MINUTES OF THE SCHEDULED REGULAR MEETING OF
FEBRUARY 26, 2019**

FINANCIAL REPORT FOR PERIOD ENDING FEBRUARY 28, 2019

**RESOLUTION NO. 3928-19
RESOLUTION AUTHORIZING THE DIRECT CONTINGENT SALE OF
LOT 5, BLOCK 2, HAWK RIDGE ESTATES TO
KODY S. THURNAU AND LAURA E. KOZLOWSKI THURNAU**

BY THE HOUSING AND REDEVELOPMENT AUTHORITY

Commissioner Sipress moved that the foregoing Items A, B, and C be approved as introduced. Commissioner Nephew seconded the motion.

Roll was called with the following results:

Ayes: Commissioners Cich, Nephew, Sipress, and Talarico

Nays: None

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

DISCUSSION ITEMS

RESOLUTION AUTHORIZING THE IMPLEMENTATION OF A HOMEBUYERS ASSISTANCE LOAN PROGRAM TO STIMULATE HOME SALES WITHIN THE BOUNDARIES OF HAWK RIDGE FOR INITIAL OCCUPANCY BY HOMEBUYERS WHO MEET CERTAIN INCOME QUALIFICATIONS

The Executive Director indicated that this Resolution, as they have discussed in the past, would authorize the implementation of a homebuyers assistance loan program to help stimulate home sales for TIF eligible families at Hawk Ridge Estates. She explained that One Roof has built two homes in the Hawk Ridge development on lots that they received the Authority for a dollar, and they have been unable to sell these house. These are the first homes that they have built for families at 115 percent of the area median income. All the other houses they have built in the subdivision were Land Trust houses, and they haven't run into a problem selling the homes because generally One Roof was able to effectively fund raise in order to subsidize the Land Trust houses. She indicated that the Authority needed to create a program so that any other non-profit builder building in the development would be eligible for the program. She worked with Legal Counsel regarding setting a homebuyers assistance loan program which was slightly different the existing down payment assistance program already in place at Hawk Ridge. Rather than a percentage of the lot price, because the lot price is only one dollar, it is set up for up to 10 percent of the sales price not to exceed the appraised value of the home. The program would have the same terms as the other Hawk Ridge loans. In order to be TIF eligible, there are two sets of income standards, which are 100 percent of the applicable median income for families of two or less or 115 percent of the applicable median income for families of three or more. One Roof is concerned that they won't be able to sell the houses for the 100 percent limit, but her recommendation was to keep the program for TIF eligible households. After questions and discussions by Commissioners, the following Resolution was introduced by Commissioner Sipress:

RESOLUTION NO. 3927-19
RESOLUTION AUTHORIZING THE IMPLEMENTATION OF A
HOMEBUYERS ASSISTANCE LOAN PROGRAM TO STIMULATE
HOME SALES WITHIN THE BOUNDARIES OF HAWK RIDGE ESTATES
FOR INITIAL OCCUPANCY BY HOMEBUYERS WHO MEET
CERTAIN INCOME QUALIFICATIONS

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 Cich, Nephew, Sipress, and Talarico

Nays: None

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

RESOLUTION AWARDING CONTRACT FOR GRANDVIEW MANOR
PARKING LOT PROJECT

The Executive Director indicated that the Grandview Manor parking lot project was one of the first big projects of 2019. It is a capital fund contract, and part of the five year plan that was approved by the Board. There were four companies who bid, but one of them was considered non-responsive because they did not submit the required paperwork. The lowest, responsive, responsible bid was submitted by Sinnott Contracting, LLC in the amount of \$117,000. The following Resolution was introduced by Commissioner Nephew:

RESOLUTION NO. 3929-19
RESOLUTION AWARDING CONTRACT FOR GRANDVIEW MANOR
PARKING LOT PROJECT

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 Cich, Nephew, Sipress, and Talarico

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 there were the Lincoln Park and Rainbow Center schedules, as well as the Esmond report. Also in the green folders, the Commissioners would find the job description for the Housing Developer, including the Executive Director's comments.

REPORTS OF COMMITTEES

Rehab Advisory Committee: The Rehab Advisory Committee did not meet.

Finance Committee: The Finance Committee did not meet.

OPPORTUNITY FOR VISITORS TO BE HEARD

None.

BUSINESS BY COMMISSIONERS

The Executive Director provided the Commissioners with a few highlights on the dashboard.

Goal 1:

The appraisals were completed for the Build Up Duluth homes in March, and they will be advertised soon.

In March, fliers were sent out to all the Authority's Section 8 landlords to market the rental rehab loan products which the City offers through revolving loan fund.

Goal 2:

ARC Northland has been unsuccessful in finding interns for the Authority's sites. Additionally, the Service Coordinator has announced her resignation. The Director of Property Management will be working with ARC Northland to determine if they want to re-hire for position and extend for the final year of their contract. If they decide not to extend the contract, the Authority will need to issue a new RFP or go in a different direction.

Goal 3:

The Executive Director mentioned the Hawk Ridge Estates lot sale that had been on today's consent agenda. She reminded the Board of the discussion regarding the Keppers' lot. She indicated that the Keppers had not accepted the Authority's offer with regard to the variance, and the Authority ended up selling that lot to another party.

The Executive Director indicated that they continued to communicate with the potential opportunity zone investor for the Esmond building. They are determining the necessary steps for proper procurement of this type of service. She indicated that they will proceed as if they were procuring a development partner with a RFQ.

Goal 4:

The Executive Director indicated that in March Roberta Cich had been appointed to the Board of Commissioners. The final vacant spot will potentially be filled by Greg Gilbert next month pending City Council approval. He was attending today's Board meeting. She welcomed Roberta and Greg.

Goal 5:

The Executive Director indicated that she had participated in the taping of a LISC video to be used at their annual meeting and nationally related to the Esmond and Garfield project and opportunity zones. She mentioned that it would be shown at the LISC Luncheon on April 17th. The Authority historically has sponsored a table, and she asked if any Commissioners were interested in attending. She indicated that the Authority may be getting an award for their work with the Esmond and Garfield Square project.

The Executive Director elaborated regarding the opportunity zone at Commissioner Sipress' request.

The Executive Director included the Housing Developer job description was created by the City. She indicated she had made some minor but important changes to it. She reminded the Board that at last month's meeting they had discussed the job description, and making sure the Authority had input. The contract is being developed, and the Executive Director has a wish list, which was what she wanted to discuss with the Board today. She indicated her wish list included items such as CDBG lead clearances going through the Authority's rehab department, developing programs such as the City's acquisition-rehab programs for the Authority to manage, having rehab referrals come from the City through the Authority, and have the City help write RFP's and RFQ's. She stated that the Authority would be giving the City approximately \$75,000 rather than replacing the Authority's Development Coordinator position. She thought that any savings could be used towards a fund to clean up titles and remove blight, or could

supplement the community investment trust funds to purchase unoccupied houses. She wanted to know how the Commissioners saw this moving forward, and how should the Authority structure the existing rehab program to be able to capture and help the City. She suggested various ways that some programs could be funded. She asked the Commissioners how they saw this evolving.

Commissioner Sipress expressed that since the last meeting he had informally reached out to some stakeholders asking what they thought of the jointly funded position. All the feedback had been positive. He would like a timeline to finalize the search process. The Executive Director indicated that she would take questions and comments this month, and she anticipated there would be a Resolution to approve the co-funding of the position at April's Board meeting.

Commissioner Sipress asked whether the job description specified with sufficient clarity the duties and support the HRA will take part in. His only concern was since the position was going to be housed at the City, both organizationally and physically, on a day to day basis. So how will what the Authority needs be prioritized? He thought the job description should be very explicit about what was going to be provided to the HRA. He would like a list of what the HRA can expect to get from the person filling position.

Commissioners asked questions and discussed what they were interested in seeing in a contract with the City. The Executive Director asked Commissioners to email her their wish lists and any other questions or comments.

REPORT OF EXECUTIVE DIRECTOR

The Executive Director indicated that in addition to what she had reported on the dashboard, internally there have had meetings of the Pension Committee, Labor Management Committee, and the Safety Committee. She attended a meeting of the Northeast Regional Directors Association (NERDA) in Eveleth, and as part of her NAHRO Board responsibilities she reviewed scholarship applications with the other scholarship committee member and the NAHRO Executive Director. Duluth had three applicants. One was chosen and forwarded to the state. The Executive Director was happy to report that our nominee will receive one of the three NAHRO scholarships for continuing education.

The Executive Director has been in contact with the Greater Minnesota Housing Fund regarding the upcoming loan for the Esmond. The \$90,000 loan is due in July. She asked GMHF if it could be forgiven. They were willing to extend the loan if DEDA would extend or forgive their Esmond loan. She contacted Keith Hamre regarding the request, and the Authority's Legal Counsel. She provided the Board with background information regarding this. She hopes DEDA will forgive that Esmond loan. She explained that the Authority wasn't supposed to have to put their own money into the

Esmond when the plans for it began. The HRA was just supposed to management it. When all is said and done, the Authority is going to have invested a substantial amount into it.

The Executive Director indicated that she had another call with Accessible Space Inc. (ASI) regarding their potential project in West Duluth for 76 supportive housing units. Originally she thought it was going to be for veterans, but they have changed it to disabled or homeless people with a veteran's preference. They would like the Authority to provide project based vouchers. She indicated the most vouchers they would be allowed to apply for would be 20 vouchers.

The Executive Director explained that she had been working with Jeff Corey and One Roof's development partner regarding Brewery Creek. They will be providing her with information regarding some potential additional rent subsidy vouchers for their two projects.

The Executive Director had her quarterly meeting with the Mayor, and informed her about ASI and the project based vouchers. They also discussed voluntary conversion.

The Executive Director had talked with Mary Bujold regarding the Harbor Highlands study. She had indicated she would have something to the Executive Director earlier in the week, but the Executive Director has not received it to date.

The Executive Director has indicated to the Board that this was a strategic planning year. She has since learned that strategic plans were not required for housing authorities. The Mayor indicated that their leadership team has used Jay Forest, a consultant who did a leadership retreat using his specialty of "finding your why and purpose." She wanted to find out if the Board was interested in exploring a different technique or if they wanted her to look for a strategic plan consultant to develop goals.

REPORT OF LEGAL COUNSEL: MONTHLY ACTIVITIES

Legal Counsel indicated that other than what had been mentioned on the dashboard, they had been coordinating with the City's Attorney's office regarding DEDA's project in the Ramsey neighborhood.

OTHER BUSINESS

None.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 4:40 P.M.

Chair

ATTEST:

Secretary

Scheduled Regular Meeting – March 26, 2019