

**MINUTES OF THE  
SCHEDULED REGULAR MEETING  
OF THE COMMISSIONERS OF THE  
HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA  
HELD ON THE 30<sup>TH</sup> DAY OF JULY, 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 30<sup>th</sup> day of July, 2019.

Commissioner Cich called the meeting to order and made a motion to appoint Commissioner Sipress as Chair Pro Tem. Commissioner Nephew seconded the motion.

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

Also present were Jill A. Keppers, Executive Director; staff members Maureen Zupancich, Carol Schultz, Lenelle Hrabik, Cindy Weiske, and Lynne Snyder; Chris Virta, Legal Counsel; Barb Findley, President of King Manor Residents Club and Ann Abraham, Secretary of King Manor Residents Club; and Jodi Slick, Ecolibrium3.

**SCHEDULED PUBLIC HEARINGS**

None.

**UNFINISHED BUSINESS**

None.

**CONSENT AGENDA:**

The Chair asked regarding the Resolution authorizing agreement for acquisition of tax forfeit property in the City of Duluth from the St. Louis County Land Department for One Roof Community Housing, what was One Roof's plan for the lots. The Executive Director explained she believed they would be for Land Trust homes or 115 percent homes.

The following items were introduced by Commissioner Gilbert:

**MINUTES OF THE SCHEDULED REGULAR MEETING OF  
JUNE 25, 2019**

**FINANCIAL REPORT FOR PERIOD ENDING JUNE 30, 2019**

**RESOLUTION NO. 3970-19**

**RESOLUTION AUTHORIZING AGREEMENT FOR ACQUISITION OF TAX FORFEIT PROPERTY IN THE CITY OF DULUTH FROM THE ST. LOUIS COUNTY LAND DEPARTMENT FOR ONE ROOF COMMUNITY HOUSING**

**RESOLUTION NO. 3971-19**

**AUTHORIZING APPLICATION AND ADMISSION FOR HOME FUNDING FOR TENANT BASED RENTAL ASSISTANCE**

**RESOLUTION NO. 3974-19**

**RESOLUTION AUTHORIZING THE HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MN (AUTHORITY) OFFICIALS TO ENTER INTO AN AGREEMENT WITH THE CITY OF DULUTH WHEREBY THE AUTHORITY WILL OPERATE THE YEAR 2019 HOME SINGLE FAMILY REHABILITATION PROGRAM AND ASSIST WITH HOME MONITORING**

**RESOLUTION NO. 3975-19**

**RESOLUTION AUTHORIZING THE HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MN (AUTHORITY TO MAKE AN APPLICATION TO ADMINISTER AND OPERATE FISCAL YEAR 2020 COMMUNITY DEVELOPMENT BLOCK GRANT REHABILITATION PROGRAM (CDBG)**

Commissioner Gilbert moved that the foregoing Items A, B, C, D, E, and F be approved as introduced. Commissioner Nephew seconded the motion.

Roll was called with the following results:

Ayes: Commissioners Cich, Gilbert, Nephew, and Sipress

Nays: None

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

**DISCUSSION ITEMS**

**RESOLUTION AUTHORIZING HOUSING CHOICE VOUCHER PAYMENT STANDARDS**

The Executive Director indicated that this Resolution would authorize the housing choice voucher payment standards. She reminded Commissioners that over the past several

months they have been discussing ways to increase the Section 8 utilization. They have been working with HUD monthly having calls and discussions to get new ideas. One of the suggestions was to raise the Authority's payment standards, so more clients can find apartments to lease, as this seems to be the greatest challenge. She indicated that they were changing the payment standards on the zero, one, two, and three bedroom units for Duluth and St. Louis County. The rule is that the Authority can charge anywhere from 90 to 110 percent of the fair market rent (FMR) established by HUD. They had been in the 90 to 94 percent, and were now raising them all from 103.8 to 109.7 percent. After the Executive Director and the Director of Rent Subsidy answered Commissioners' questions, the following Resolution was introduced by Commissioner Gilbert:

**RESOLUTION NO. 3972-19**  
**AUTHORIZING HOUSING CHOICE VOUCHER PAYMENT STANDARDS**

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

Roll was called with the following results:

Ayes: Commissioners Cich, Gilbert, Nephew, and Sipress

Nays: None

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

**RESOLUTION AUTHORIZING THE HEALTHY HOME REHABILITATION  
AND REPAIR PILOT PROGRAM**

The Executive Director indicated that this Resolution would authorize the Healthy Home Rehabilitation and Repair Pilot Program. Attached to the Resolution was a summary of the proposed program which had been discussed at the Finance Committee meeting. She indicated that this should complement the Mayor's Institute of Health and Housing which was looking at using the Community Investment Trust money and the City's Revolving Loan Fund money as one percent loan options. They were proposing this to be a 30 year zero interest deferred loan. The following Resolution was introduced by Commissioner Nephew:

**RESOLUTION NO. 3976-19**  
**RESOLUTION AUTHORIZING THE HEALTHY HOME REHABILITATION  
AND REPAIR PILOT PROGRAM**

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 Cich, Gilbert, Nephew, and Sipress

Nays: None

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

**RESOLUTION AUTHORIZING THE EMERGENCY HOME REPAIR PILOT PROGRAM**

The Executive Director explained that this Resolution was authorizing the Emergency Home Repair Pilot Program, and she indicated that it had also been discussed at the Finance Committee meeting. This program was proposing to allocate \$60,000 of the general fund for this pilot program, \$50,000 for actual repairs, and \$10,000 to help pay for the administration of the program. She indicated that they wanted the administration separate so it didn't have to go through the City for all the special requirements that CDBG might have. This would also be a 30 year zero interest deferred loan. The following Resolution was introduced by Commissioner Cich:

**RESOLUTION NO. 3977-19  
RESOLUTION AUTHORIZING THE EMERGENCY HOME REPAIR  
PILOT PROGRAM**

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

Roll was called with the following results:

Ayes: Commissioners Cich, Gilbert, Nephew, and Sipress

Nays: None

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

**RESOLUTION APPROVING EXPLORATION OF A PHASE V DEVELOPMENT AT HARBOR HIGHLANDS**

The Executive Director indicated that this Resolution would approve the exploration of a

Phase V development at Harbor Highlands. She sent two studies that the HRA had done to Commissioners. In 2018 Minnesota NAHRO did a study on senior housing in the state, and she provided funding to have them look at senior housing specifically in Duluth, and in 2019 they did a feasibility study at Harbor Highlands to see what were the best options for this site. Both studies showed a need for affordable senior rental housing. This Resolution would give the HRA authority to engage the architect and a financial consultant to see if the project was feasible. After the Commissioners discussed the need for affordable senior rental housing, and the Executive Director answered Commissioners' questions, the following Resolution was introduced by Commissioner Nephew:

**RESOLUTION NO. 3978-19**  
**RESOLUTION APPROVING EXPLORATION OF A PHASE V DEVELOPMENT**  
**AT HARBOR HIGHLANDS**

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 Cich, Gilbert, Nephew, and Sipress

Nays: None

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

**RESOLUTION APPROVING 2020 TAX LEVY**

The Executive Director reminded Commissioners that they had reviewed the 2020 tax levy request at the Finance Committee meeting, and showed Commissioners how it fit into the Authority's overall budget. She indicated that keeping the rate the same would capture a gain of approximately \$83,000 this year, which was more than usual because of the new assessment of property values. She would like to use that gain primarily for the capital repairs needed at the Lincoln Park Center in the parking lot and sidewalks. Commissioner Sipress thought this was a well thought out levy proposal.

The following Resolution was introduced by Commissioner Nephew:

**RESOLUTION NO. 3979-19**  
**RESOLUTION APPROVING 2020 TAX LEVY**

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 Cich, Gilbert, Nephew, and Sipress

Nays: None

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

### **PHA BOARD RESOLUTION APPROVING OPERATING BUDGET**

The Executive Director explained that this Resolution uses a HUD form to approve the operating budget for the year, and also there is an attachment showing the overall fiscal summary for the budget. Commissioners reviewed this in the Finance Committee meeting. The following Resolution was introduced by Commissioner Nephew:

#### **RESOLUTION NO. 3980-19 PHA BOARD RESOLUTION APPROVING OPERATING BUDGET**

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 Cich, Gilbert, Nephew, and Sipress

Nays: None

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

### **RESOLUTION AUTHORIZING AGREEMENT WITH THE CITY OF DULUTH FOR A SENIOR HOUSING DEVELOPER**

The Executive Director reminded Commissioners that she had been in communication with the City and the Board for several months moving towards an agreement with the City of Duluth for this co-funded position of a senior housing developer. There is an agreement, substantially in the form of, attached to this Resolution. There will probably be some minor adjustments as the Authority's Legal Counsel and the City's Legal Counsel work out some finer points, but the funding will remain the same. Each agency will contribute 50 percent for the payroll and benefits, with the City being the supervisor,

and the HRA getting approximately 50 percent of the time. This should go a long way in accomplishing the Authority's goal to work with the City jointly, continuing the relationship building, and having one team for housing development in the city. She explained that there had been interviews with an interview team consisting of Commissioner Talarico, the Executive Director, Keith Hamre, Ben VanTassel, and Pam Kramer. She indicated the City had made a decision, and Commissioner Sipress indicated that it had not been publicly announced yet. The Executive Director hoped that person would attend the August Board meeting to introduce themselves. Commissioners asked if an agreement been reached on all the key provisions the agreement. After the Executive Director indicated the primary area being worked on was the indemnification language. The following Resolution was introduced by Commissioner Cich:

**RESOLUTION NO. 3981-19  
AUTHORIZING AGREEMENT WITH THE CITY OF DULUTH FOR  
A SENIOR HOUSING DEVELOPER**

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

Roll was called with the following results:

Ayes: Commissioners Cich, Gilbert, Nephew, and Sipress

Nays: None

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

**RESOLUTION APPROVING THE DEVELOPMENT PARTNER SELECTION FOR THE ESMOND REDEVELOPMENT PROJECT AND AUTHORIZING A MEMORANDUM OF AGREEMENT**

The Executive Director explained that they had done an RFQ for an opportunity zone investor/developer for the Esmond Building and received two qualified responses. They were scored by the internal evaluation committee, and then they were interviewed by HRA staff, HRA Board members, and City staff. The recommendation coming before the Board was to enter into an agreement with Minnesota Opportunity Zone Advisors (MN-OZA). At the present time their plan was to preserve the building and do a rehab, keeping the spirit of retail on the lower level and housing on the upper levels. The Executive Director explained that the Authority's role in the redevelopment is yet to be determined. She explained the opportunity zone's role and structure, and she and Board members who had been members of the interview team answered Commissioners' other questions. Jodi Slick from Ecolibrium3 explained her involvement in the Lincoln Park

revitalization and thanked the Authority for their consideration and the process that they have gone through. They are looking forward to this development. The following Resolution was authorized by Commissioner Gilbert:

**RESOLUTION NO. 3982-19**  
**RESOLUTION APPROVING THE DEVELOPMENT PARTNER SELECTION**  
**FOR THE ESMOND REDEVELOPMENT PROJECT AND AUTHORIZING**  
**A MEMORANDUM OF AGREEMENT**

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

Roll was called with the following results:

Ayes: Commissioners Cich, Gilbert, Nephew, and Sipress

Nays: None

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

**RESOLUTION REVISING THE PRICE OF THE BUILDING SITE LOT 1 AND  
OUTLOT A, BLOCK 2, SACKETTE ADDITION**

The Executive Director explained the Resolutions in Items O and P went together. Since most of the Commissioners were not on the Board at the time that the Authority came to own the development known as the Sackette Addition, the Executive Director provided background. She indicated that the last lot remaining had been sold to a developer who was developing land behind the Sackette Addition. His development has been delayed due to a problem with a tax forfeit parcel he was trying to secure. Therefore, that lot was returned to the Authority. In the meantime, the City decided it wanted an easement on this lot. An interested buyer has come to the Authority indicating that he wanted to purchase this lot for \$45,000 cash with no soft second. The Authority had originally been asking \$62,000 for this lot. The Executive Director recommended reducing the price and accepting the offer to complete the Authority's involvement with the development. It will be a loss of about \$10,000 to the Authority due to all of the taxes and assessments that were attached to this lot when the Authority stepped in. The City had originally talked about waiving some of the assessments, back taxes and fees associated with this development, but then they determined they were not able to do that. The Executive Director is presenting this as two Resolutions, the first reducing the price of the lot to \$45,000, and the second one allowing the direct contingent sale to Mr. Harlan T. Jensen. The Chair indicated that the Authority had accomplished its goal of getting single family homes built on these lots. The following Resolution was introduced by Commissioner



Nephew:

**RESOLUTION NO. 3983-19**  
**RESOLUTION REVISING THE PRICE OF THE BUILDING SITE LOT 1 AND**  
**OUTLOT A, BLOCK 2, SACKETTE ADDITION**

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

Roll was called with the following results:

Ayes: Commissioners Cich, Gilbert, Nephew, and Sipress

Nays: None

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

**RESOLUTION AUTHORIZING THE DIRECT CONTINGENT SALE OF LOT 1**  
**AND OUTLOT A, BLOCK 2, SACKETTE ADDITION TO HARLAN T. JENSEN**  
**BY THE HOUSING AND REDEVELOPMENT AUTHORITY**

The following Resolution was introduced by Commissioner Nephew:

**RESOLUTION NO. 3984-19**  
**RESOLUTION AUTHORIZING THE DIRECT CONTINGENT SALE OF LOT 1**  
**AND OUTLOT A, BLOCK 2, SACKETTE ADDITION TO HARLAN T. JENSEN**  
**BY THE HOUSING AND REDEVELOPMENT AUTHORITY**

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

Roll was called with the following results:

Ayes: Commissioners Cich, Gilbert, Nephew, and Sipress

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 Lincoln Park and Rainbow Center schedules and the Esmond report. In the blue pages of the Board packet there were several articles on the housing market, the Bob Travani Medical Respite House, the Mayor's press conference on housing, UMD and Lake Superior College housing proposals, and the Board of Trade TIF district.

## **REPORTS OF COMMITTEES**

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

*Finance Committee:* The Finance Committee did meet and the tax levy and the budget were discussed. Also, there was follow up as Commissioner Sipress had asked the Executive Director to reach out to other housing authorities to see if they had tax levy support for their Section 8 programs. She had received two responses. Bloomington does have support of their Section 8 program. They were budgeted \$75,000 and authorized to go to \$100,000. They have about one-third of the vouchers Duluth has. Met Council, who has many more vouchers than the Duluth HRA, has \$2.9 million in general fund levy budgeted for their Section 8 program. Commissioner Sipress thanked the Executive Director for her follow up.

## **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:

In July there was an open house for the 917 E. 10<sup>th</sup> Street, and the Executive Director is working with One Roof to get that home listed on MLS. In July, she had one showing of that house and another showing this Friday. They closed on the 414 E 7<sup>th</sup> Street house.

In July there were 11 units in process for the Authority's rehab activities awaiting City approval, and there were three units in process for the exterior rehab project awaiting the City approval. The emergency fund which had been previously discussed will help with these delays.

In July, the 2017 capital fund grant was fully obligated in advance of the deadline.

An RFP was created for the repositioning consultant as recommended by HUD. Advertising has started, and it will close at the end of August.

**Goal 3:**

Regarding Hawk Ridge Estates, in July they closed on one lot and two lots were in process for August.

The senior housing study to explore affordable senior housing at Harbor Highlands Phase V was brought to the Board.

The Esmond RFQ has been completed and two candidates were interviewed. That Resolution was brought to the Board at today's meeting.

They are moving forward with the Phase I purchase at Harbor Highlands. They are still waiting for HUD approval. Legal Counsel and NEF were working on all the documents to close by the end of August.

**Goal 4:**

The general counsel position has been filled, and Bridget Brine will start as General Counsel on August 12<sup>th</sup>.

**Goal 5:**

In July the new police officer Meghann Jones started as Officer Ring was promoted.

The Executive Director attended a Community Action Duluth fundraiser with Jodi Slick from Eco3.

The Executive Director answered Commissioners questions.

## **REPORT OF EXECUTIVE DIRECTOR**

This month the Executive Director reported on her job activities in Internal and External categories.

**Internal:**

- Tax Levy Proposal and Budget finalization – presentation to the finance committee
- Attorney job offer and pre-employment activities

- HCV utilization review
- Continue showing the 917 E. 10<sup>th</sup> St. house
- New HRA officer, Meghann Jones, started – had a welcome meeting with public housing staff
- RFP for the public housing repositioning consultant – completed and advertising has begun
- POHP status update call for Ramsey Manor Wasteline project continues
- Pension Committee meeting to review slate of investment options within the plan
- All staff meeting focusing on both the retirement plan (John Hancock) website and its tools; and the Health Partners website and its tools and program offerings
- CDBG Audit from the City – all went very well
- Section 8 Voucher Management System (VMS) audit – HUD on site – all went very well – no findings; Quote from HUD staff, “It is clear you guys know what you’re doing.”
- Esmond opportunity zone developer interviews
- MN-DOT Easement meeting at Midtowne Manor taking the whole parking lot. This could be a big impact on the residents. HUD will probably have to give authorization for this.
- MN NAHRO Leadership Retreat in Montevideo, MN

**External:**

- Community Action Duluth – fundraiser
- Housing Meeting at City Hall with LISC, ECO3, City of Duluth, and HRA
- Housing Meeting at City Hall for the Mayor’s Institute on Health and Housing – review of the rehab program that is going to the City Council utilizing the Revolving Loan Fund and Community Investment Trust Fund (attended the Council Committee of the Whole meeting on the same topic)
- Met with Keynote speaker, Ted Schick, for upcoming MN NAHRO conference
- Press conference for the YMCA food access program out of the Harbor Highlands Community Center. Unfortunately, there was no press at the event because it conflicted with the Mayor calling a press conference at the same time.
- Joint Powers Enterprise meeting on the self-funded health insurance plan
- Bi-monthly meeting with Mayor Larson – discussed in-fill housing and the development of a “skinny house” program
- Closed on the 414 E. 7<sup>th</sup> St. Build Up Duluth home and followed up with the homeowner on questions and assistance

- Closed on a lot at Hawk Ridge Estates
- MN NAHRO phone board meeting to adopt slate of candidates for the upcoming election
- Capstone open house to support our development partners in the Matterhorn area of town
- Housing Developer Interviews

The Executive Director answered the Chair's questions regarding move outs and evictions at Midtowne and Section 8 utilizations.

### **REPORT OF LEGAL COUNSEL: MONTHLY ACTIVITIES**

Legal Counsel reported he had nothing to add to what had been reported by the Executive Director.

### **OTHER BUSINESS**

None.

### **ADJOURNMENT**

Commissioner Nephew introduced the motion to adjourn the meeting. Commissioner Gilbert seconded the motion. There being no further business to come before the Board, the meeting was adjourned at 4:45 P.M.

  
Chair Pro Tem

ATTEST:

  
Secretary

Scheduled Regular Meeting – July 30, 2019