

**MINUTES OF THE  
SCHEDULED REGULAR MEETING  
OF THE COMMISSIONERS OF THE  
HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA  
HELD ON THE 28<sup>TH</sup> DAY OF MAY, 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 28<sup>th</sup> day of May, 2019.

The Chair called the meeting to order and on roll call the following members were found to be present: Commissioners Cich, Glumac, Nephew, Sipress, and Talarico. Commissioners Boshey and Gilbert 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 Rachel Downs; Chris Virta, Legal Counsel; Barb Findley, President of King Manor Residents Club and Annie Abraham, Vice President of King Manor Residents Club; Roger Endres, President of Midtowne II Residents Club; and Emily McKenzie, the Minnesota NAHRO Scholarship and North Central Regional Council (NCRC) NAHRO Scholarship award winner, and her mother.

The Executive Director introduced Emily McKenzie and her mother. Emily is a high school senior who will graduate from Denfeld High School in June. Emily has applied to and been accepted at Hamline University in St. Paul, Minnesota where she plans to double major in anthropology and criminology, and minor in forensic science. The Executive Director presented her with a certificate for a \$1,000 scholarship from Minnesota NAHRO. Any public housing or Section 8 resident is eligible to apply. Her application was forwarded to the North Central Regional Council (NCRC) NAHRO, and she won that \$1,000 scholarship as well. They will forward the application on to National NAHRO. There she will be guaranteed a minimum of a \$1,000 up to a \$5,000 scholarship award. The Executive Director, staff, and the Board congratulated Emily.

**SCHEDULED PUBLIC HEARINGS**

None.

**UNFINISHED BUSINESS**

None.

**CONSENT AGENDA:**

Commissioner Sipress asked for a brief explanation of Items E and F. After the Executive Director provided explanations for each item and answered Commissioners' questions regarding the over-income limits under the Housing Opportunity Through Modernization Act of 2016 (HOTMA), the following items were introduced by Commissioner Sipress:

**MINUTES OF THE SCHEDULED REGULAR MEETING OF  
APRIL 30, 2019**

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

**RESOLUTION NO. 3943-19  
RESOLUTION TO RENEW ANNUAL PROPERTY INSURANCE**

**RESOLUTION NO. 3944-19  
RESOLUTION APPOINTING DIRECTORS TO GREAT LAKES  
DEVELOPMENT DULUTH, INC. BOARD**

**RESOLUTION NO. 3945-19  
AUTHORIZING ACCEPTANCE TO MHFA FOR FUNDING THE BRIDGES  
RENT SUBSIDY PROGRAM FOR THE NEXT BIENNIUM**

**RESOLUTION NO. 3946-19  
RESOLUTION APPROVING MODIFICATIONS TO THE  
LOW INCOME PUBLIC HOUSING ADMISSIONS  
AND CONTINUED OCCUPANCY POLICY (ACOP)**

**RESOLUTION NO. 3947-19  
RESOLUTION AUTHORIZING THE ACCEPTANCE OF ANNUAL AUDIT  
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2018**

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

Roll was called with the following results:

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

Nays: None

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

## **DISCUSSION ITEMS**

None.

## **COMMUNICATIONS/CORRESPONDENCE**

The Executive Director mentioned that in Commissioners' green folders were the Lincoln Park and Rainbow Center schedules. There was also an article in the blue pages of the Board packet regarding statewide partnering on housing.

## **REPORTS OF COMMITTEES**

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

*Finance Committee:* The Finance Committee did meet prior to today's Board meeting. Commissioner Glumac, Chair of the Finance Committee, reported that there had been a meeting to review the annual audit, and the auditors reported that there had been no findings.

## **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:

There have been several showings of the 414 E. 7<sup>th</sup> Street house and the 917 E. 10<sup>th</sup> Street house. There is an offer pending on 414 E. 7<sup>th</sup> Street.

In May they received the addresses from Eco3 for direct marketing of the single family exterior rehab program in Lincoln Park.

In May there have been several capital fund projects that have gone out for bid, including the Ramsey Manor POHP waste line project.

This month the Minnesota NAHRO Spring Conference was held, and it included a track for voluntary conversion.

### Goal 3:

The RFQ for the Opportunity Zone Investor/Development Partner for the Esmond went out in May.

Commissioner Nephew had asked for a discussion regarding the Authority's Section 8 program. The Director of Rent Subsidy had included a utilization summary with her monthly activity report regarding the concerns about Section 8 that had been brought up at the last Board meeting, and what steps were being taken to increase the processing of applications and increase the Authority's utilization. The Executive Director indicated that the Director of Rent Subsidy, the Rent Subsidy Supervisor, and the Deputy Director were available to answer Commissioners' questions. The Director of Rent Subsidy explained that utilization numbers continue to fall due to a combination of clients being unable to find affordable apartments and delays in the processing of applications. She indicated that measures have been taken to prevent delays in processing applications and intake from happening again. The Deputy Director answered Commissioners' questions regarding HUD's funding of the Section 8 program, and assured them that HUD would not take the Authority's funding or vouchers away. The Executive Director explained the personnel turnover that had taken place in applications and Section 8, and she indicated that if there was such a personnel turnover again, they have made a plan to utilize housing specialists and management staff to fill in. The Rent Subsidy Supervisor explained some strategies they will be using for landlord outreach and education. After much discussion between staff and Commissioners regarding the Section 8 program, Commissioner Nephew asked the Executive Director if a policy could be written to help alleviate any future problems with the applications department.

### **REPORT OF EXECUTIVE DIRECTOR**

The Executive Director reported that much of the leadership team attended the Minnesota NAHRO Spring Conference. She also attended a NAHRO regional meeting and a board meeting. She reported that she was currently the chair of the nominating committee for elections that will happen this fall. They asked her if she would run for Senior VP, but she worked it out so that she could have one more term as an At-Large Director. The directors and Executive Director of Minnesota NAHRO indicated they would like her to run for Senior VP, which would mean moving on to President after that term.

As was discussed in the Committee of the Whole meeting this month, Phase I purchase calls continue to happen. She asked the Board how they felt about dropping the interest rate to zero percent to match MHFA and GMHF, and make maturity dates the same for the Authority, MHFA, and GMHF. The Authority would keep their accrued interest and retain their position. She explained that if the Authority did not purchase Phase I because they could not come to a deal with MHFA and GMHF, Wells Fargo would foreclose on NEF, and the Authority would buy out Wells Fargo and own the property. After much

discussion with the Commissioners, the Executive Director recommended that this should be the Authority's last concession, and would remain a good business partner. The Chair indicated he did not see a real problem dropping to the zero percent interest rate. Commissioner Sipress stated that it was clear that there were mixed feelings among the Board. The Executive Director indicated she would relay that to the committee, and that the Authority was balancing a good partnership versus the business decision. She would also bring up the per unit per month reserve costs. The Deputy Director stated that she would never want it to come back that the actions of the Authority affected the community as a whole. She was also unsure of HUD's reaction to a foreclosure.

The Executive Director continues to work with Maxfield Research to finalize the Harbor Highlands Phase V options. They have determined that there was a need for affordable senior housing. Once the study has been finalized, she will bring it to the Board so they can move forward with development.

The Executive Director reported that she has been working with another potential buyer at Hawk Ridge and the real estate team was working on the potential purchase of the Build Up Duluth house at 414 E. 7<sup>th</sup> Street. She indicated that they had run into an issue that she would like to discuss with the Board. Build Up Duluth had been designed to have a deed restriction on these homes for 10 years of home ownership. The first buyer is working with North Shore Bank, and North Shore Bank is saying that the deed restriction may disallow the buyer from getting the mortgage. She was wondering if the Board would consider an amendment to the program stating that just the first home buyer has to be the home owner. She is still hoping that she will be able to bring a Resolution to the Board for this sale. Commissioner Nephew suggested the Executive Director try to renegotiate with the bank, but she doubted that they would allow the restriction to go beyond the first buyer. She thought other banks would also have a problem with the restrictions. Commissioner Sipress thought that if this is a barrier for this buyer getting a mortgage, chances are it would be a barrier for any buyer trying to get a mortgage. If the Authority takes a hard line on this, they will probably end up having two houses that haven't sold, or the Authority would end up being the financier or selling it for contract for deed. The Chair felt that the bank was already being compensated by giving them a house that is valued at a higher rate than what it is being sold at. Commissioner Nephew suggested that the Executive Director talk to the underwriters and ask them what type of restriction they would approve. Commissioner Cich thought that it was important for these homes to be sold for home ownership. The Executive Director determined that she would work with North Shore Bank and see if they were flexible on a deed restriction, and if not, she will bring it back to the Board to make an adjustment to that.

The Executive Director indicated she had talked to the consultant, J. Forest, who had been used by the City administration for "finding your purpose" and "finding your why," an alternative type of strategic planning that she had previously discussed with the Board. His price was going to be outside of the Authority's micro purchase limit of \$10,000, so

this will go out for bid. She will talk with Commissioner Glumac for suggestions on who might also provide this type of planning service.

The Executive Director met with Luke Nichols, who presented the “cabin cooperative” idea to the City of Duluth. He was applying for a fellowship to assist in getting his idea off the ground. The cabin cooperative is the idea of a community of small homes ranging from 700 to 900 square feet. The idea is that it is walkable and a cooperative with neighbors helping neighbors and bringing housing stability through cooperative home ownership. This may be an opportunity for the HRA to partner with a new developer bringing new ideas for affordable housing.

She also attended a Quality of Life Collective meeting, which was a LISC group, JPE meetings with the health, dental, and EAP insurers, and the United Way annual luncheon.

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

Legal Counsel had no updates.

### **OTHER BUSINESS**

None.

### **ADJOURNMENT**

There being no further business to come before the Board, the meeting was adjourned at 5:15 P.M.

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Chair

ATTEST:

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Secretary

Scheduled Regular Meeting – May 28, 2019