

**HOUSING AND REDEVELOPMENT AUTHORITY
OF ST. CLOUD, MINNESOTA
Regular Meeting Minutes
Wednesday, February 25, 2009**

Chair Nancy Gohman called the meeting to order at 7:00 p.m., Wednesday, January 28, 2009. The meeting was held in the City Hall Council Chambers, 400 2nd Street South, St. Cloud, MN.

At 7:00 p.m. the meeting was called to order, pledge of allegiance spoken, followed by roll call.

1. Roll Call – Commissioners present: Nancy Gohman, George Hontos, Joan Jaye, Mike Landy, John Pederson and Peter Ruth. Absent: Bob Johnson.

Chair Gohman announced Item 10 would be removed from the agenda.

Consent Agenda:

2. Approval of Agenda – Commissioner Landy moved for approval of the agenda with the exception of Item 8; Commissioner Hontos seconded the motion with an addition to the agenda under Open Discussion related to Economic Development. The remaining items were approved as presented.

3. Approval of Minutes of Study Session, January 28, 2009 – approved as presented.

4. Approval of Minutes of Annual Meeting, January 28, 2009 – approved as presented.

5. Approval of Minutes of Regular Meeting, January 28, 2009 – approved as presented.

6. Approval of Contract for Public Housing New Appliances – contract approved with Benusa Contract Sales and Service in the amount of \$10,864.78 for 15 Brown electric ranges and 15 Whirlpool refrigerators.

7. Approval of Contract for New Boiler in Wilson Apartments – contract approved in the amount of \$365,311 with Weidner Plumbing and Heating.

8. Approval of Change to Personnel Policy Number 06.04 - Commissioner Landy asked for clarification to the scope and type of items allowed under the policy. Mr. Thielman responded there would not be big items, basically school or organization items involving staff and/or their children. He said it has been requested by staff to keep the office more family friendly. Mr. Thielman said no one will have any pressure to buy any items at any time and there will be a general area where they are kept. Commissioner Landy moved for approval; Commissioner Jaye seconded the motion. The motion carried.

Open Forum: There was no one wishing to speak.

Old Business:

9. Approval of Change in Lot and Sales Prices to Lumber One for Meadows Edge Townhomes – Cliff Knettel, Development Director, stated this item had been tabled at the January 28, 2009 meeting.

Mr. Knettel said staff had come up with a new pricing structure based on information from the January meeting and from looking at nearby developments in the area to see how much, if any, they had reduced their selling prices. He went on to present the Board with staff recommendations of options to help encourage sales of the remaining 13 unsold townhomes. Mr. Knettel said this varied between a 17% to 60% drop in sales prices. He said staff had spoke with Lumber One and, had looked into the renting scenario also, but a number of challenges would be involved with this. Mr. Knettel said first and most importantly the builder is not in favor of renting. He also said it would need approval from the current home owners in the development to which he was sure they would not be favorable. Mr. Knettel continued by going through each of the 5 staff recommendations.

1. Reduce the lot price from \$31,000 to \$21,000 for 13 townhomes that are constructed but currently unsold.
2. Reduce the townhomes sales prices as outlined in the Board packet.
3. Increase the income guideline from 70% to 80% median income as now allowed by state statute.
4. Reduce the amount of HRA enforcement note (gap financing) from \$9,183 to \$5,000 for the 13 unsold units).
5. Utilize funds in the Housing Development Fund in the amount of \$75,621 to finance the reduction of the lot price. The lot price reduction would be \$130,000, but with the reduction of the enforcement note by \$4,183 x 13 properties (\$54,379), the net amount of funds needed is \$75,621.

Commissioner Pederson moved for approval of the 5 items as requested by staff; Commissioner Landy seconded the motion.

Commissioner Hontos made an amendment to the motion stating that the price reduction be shared equally at 50% with the builder and the HRA; Commissioner Ruth seconded the amendment to the motion. Commissioners Hontos and Ruth voted in favor of the amendment; Commissioners Gohman, Jaye, Landy and Pederson voted against. The amendment failed.

Commissioner Landy asked the developer what their intentions were to come back again to the Board for further reductions from the HRA, or if they were going to take future losses on their own. Ted Schmid, COO Lumber One Avon, responded that their hope is that they will not be back, but he could not guarantee anything. He said they already have sold one unit of the 13 using the new 80% guidelines and was optimistic that the rest would sell with the new changes in sales price and the income requirement changes.

Commissioner Landy made an amendment to the original motion to include the Boards intent that they would not support future adjustments in lot reductions on these 13 units at a cost to the HRA; Commissioner Ruth seconded the motion. Commissioner Hontos responded there would be no way to control this; it would only be language showing the Board's concern. Commissioner Landy stated this was correct. Commissioners Hontos, Landy and Ruth voted in favor of the second amendment; Commissioners Gohman, Jaye and Pederson voted against. The vote being 3:3, the amendment failed.

Votes were taken on the original motion. Commissioners Gohman, Jaye, Landy and Pederson voted in favor of the motion; Commissioners Hontos and Ruth voted against. The motion carried 4:2.

10. Discussion of Park Industries Development Agreement - canceled.

New Business:

11. Proposed Southside University Neighborhood Rental Conversion Program – Mr. Knettel described the details of the program and gave a brief staff history the work they have accomplished with the Southside neighborhood. He said the Southside has developed a master plan for the neighborhood that recently received City Council approval and in response to this master plan came this program. Mr. Knettel said one of the priorities in this plan is the conversion of rental units back to home ownership and, in general, encouraging single family home ownership in the neighborhood. He said the NSP funds received as well as some CDBG funds are already targeted for the neighborhood.

Mr. Knettel went through the details of the program. He said basically it is a 0% 30 year deferred home loan that needs to be repaid if the house is sold, refinanced or converted back to a rental. Mr. Knettel said HRA staff would be involved in all scopes of work requested and the maximum loan amount would be \$25,000. He added the proposal does not require any income restrictions.

Commissioner Pederson moved for approval of the program as presented by staff; Commissioner Hontos seconded the motion.

Commissioner Hontos asked what would happen if the home were refinanced. Mr. Knettel said the HRA has a subordination policy for all home ownership programs. He said unless they are lowering the cost of their interest rate and monthly payment, or unless the money is being put back into the house, the HRA would never approve the subordination. Mr. Knettel said Mike Haehn, Project Manager, monitors the work being done on homes and requires seeing all receipts and verifications for work done. He said the scope of work needed has to be approved by the HRA, contractors are paid by the HRA, and inspections are completed by the HRA.

Commissioner Landy questioned why 30 years without any payments. He asked if just the 0% with some type of payments over the course of time could be worked into the program. Mr. Knettel responded the advantage to doing it the way proposed takes less staff time in regards to payment intakes, monitoring, collections, etc. Commissioner Landy said it appeared to him that the interest would be more over thirty years than the principal. He said he did not feel he could support the timeframe of the program even though he supported the program. Commissioner Pederson said he saw this as a way for the homeowner to put more money back into the house rather than making additional payments. Commissioner Jaye stated since this first round of money will only cover 4 loans of \$25,000, if the program proves successful, future programs could perhaps be set up using a shorter repayment time.

Commissioners Gohman, Hontos, Jaye, Pederson and Ruth voted in favor of the motion; Commissioners Landy voted against. The motion passed 5:1.

12. A. Review Draft Community Development Block Grant Program (CDBG) Budget for FY'09.

B. Set the Public Hearing for March 25, 2009 at 7:00 p.m. to Hear Public Comment on the Proposed FY'09 CDBG Program Budget – Commissioner Landy moved for approval to set the public hearing; Commissioner Jaye seconded the motion. The motion carried unanimously.

Les Henson, Community Development Manager, explained to date the process is awaiting the results of CDBG funding included in President Obama's Omnibus Bill. He said it is proposed to include an additional 5% to the budget and if this additional funding is received, timelines for some requests could be moved up if the projects are ready.

Mr. Henson went through the non-profit requests he received which were from the Housing Coalition for \$113,000; St. Cloud Parks Department, Boys and Girls Club and Headstart for \$60,000; Boys and Girls Club and Headstart for \$90,000 and Catholic Charities Domus Transitional Housing for \$145,000.

Mr. Henson said one addition to the resolution is to allow for home owner grants to those qualifying for the Paint the Town program to cover the cost of hiring painting contractors to paint hard to reach portions of any larger homes being painted to protect the safety and welfare of the volunteers. Commissioner Hontos said he is concerned with the screening process of this program and also would still like to see the program handed off to another group if possible.

13. Executive Director's Report – Mr. Thielman said he wanted to publicly acknowledge from his report Housing Development Manager, Jeannette Bineham's resignation. He said Ms. Bineham has been a vital part of the HRA, not only as a staff member, but prior to that, as a Board member and chair. Mr. Thielman said she had dedicated many hours of her time to the HRA and wanted to say thank you.

Open Discussion:

14. Economic Development (added at Commissioner Hontos' request at the beginning of the meeting) – Commissioner Hontos said he would like a consensus from other Board members on an issue involving cooperatively working with other entities in the area. Commissioner Hontos stated Mayor Kleis is a strong advocate of regional cooperation and improved efficiency, especially now with the difficult economic times everyone is facing. He said it seems logical to be looking at this from the City level to start internally on how the City and the HRA work together. Commissioner Hontos said he thought the activities of the HRA should be explored in the areas of economic development activities to see how efforts can be improved possibly and see if this can be done at a less cost to tax payers. He said in having the Mayor and the City interested in this kind of issue he would move the following motion: "To ask Mayor Kleis to seriously examine various options and provide this Board with recommendations regarding the delivery of economic development services and related HRA functions that would result in less costs to the tax payers and would improve the delivery of these services for the City of St. Cloud."

Commissioner Hontos added we really are in difficult economic times both in the public and private sector, with limited resources everywhere, and as a Board he feels it should be addressed sooner rather than later. He said it really is the City who this Board works for and the City should be looking at some possibilities for improvement.

Commissioner Landy, for clarification purposes, stated all that is being asked from Board members at this time is to have the Mayor explore options. Commissioner Hontos said that is what he meant with his motion. With the clarification, Commissioner Landy seconded the motion. All Commissioners present voted in favor. The motion carried.

There being no further business, the meeting adjourned at 8:03 p.m.

ATTEST:

Chair, Nancy Gohman

Secretary, George Hontos