

ST. CLOUD HOUSING AND REDEVELOPMENT AUTHORITY

STUDY SESSION

Wednesday, February 25, 2009

City Hall Conference Room One
400 2nd Street South, St. Cloud, MN

Chair Nancy Gohman called the study session to order at 5:00 p.m. for a closed session. Roll call was taken and all Commissioners were present: Nancy Gohman, George Hontos, Joan Jaye, Bob Johnson, Mike Landy, John Pederson and Peter Ruth. Jerry Von Korff was present as legal council. The meeting was held to discuss the 6 month routine performance evaluation of the Executive Director. The closed session ended at 5:55 p.m.

The study session reopened with staff at 5:58 p.m. Commissioner Johnson needed to leave for another commitment so was absent for the remainder of the meeting. HRA staff present: Bruce Thielman, Karen Rizer, Louise Reis, Cliff Knettel, Les Henson and Sandy Hunter.

2. Discussion of the Al Loehr Apartments.

Bruce Thielman, Executive Director, gave a quick update since the January 28, 2009 meeting when the Board had met with staff from Catholic Charities regarding their management of the Al Loehr Apartment complex. He said staff reviewed the new information received from Catholic Charities at that meeting, including financials, and recommends keeping the management structure the same as it is currently is.

Commissioner Hontos questioned if there was any concern for the HRA's exposure of absorbing any losses from the project at this time. Finance Director Karen Rizer said there is no concern; the agreement between Catholic Charities and the HRA is set so the HRA will be paid for asset costs out of the surplus cash once MHFA finishes the project audit; and, if there is no surplus, Catholic Charities will pay the HRA from their budgets.

Chair Gohman asked if any Board action was needed. Mr. Thielman responded if the contract is left 'as is' there would be no requirement of any Board action. He said the contract will automatically renew in May. The Board consensually agreed to the renewal without Board action.

3. Discussion of Meadows Edge.

Mr. Thielman said since Meadows Edge was tabled from the January 28, 2009 meeting he felt Board members may want to have some discussion on the request from Lumber One to lower the selling price of the remaining 13 constructed townhomes prior to the 7:00 p.m. meeting. Commissioner Ruth said he had toured the Meadows Edge development, found the townhomes to be in line with other developments, but felt the sale price would need to be lowered to keep them in line with others on the market in order to sell.

Cliff Knettel, Development Director, said staff has been working with Lumber One over the past month to come up with a plan to help in speeding up the sale of the remaining townhomes. He said the biggest change being recommended to the Board is to increase the income guideline from 70% to 80% median income. Mr. Knettel said this is a new change allowed by the State as described by a memo to the Board from attorney Bob Toftey. He stated other requested changes include 1) reduce the lot price from \$31,000 to \$21,000 for the 13 remaining townhomes, 2) reduce the sales price of the homes from 11.3% -

12.0% and, 3) reduce the amount of gap financing from \$9,183 to \$5,000. Mr. Knettel said these changes are only requested for the 13 townhomes that are currently built. He said the remaining 36 vacant lots will be dealt with at a later date after the 13 are sold.

Commissioner Ruth asked if this would be the last reduction requested by Lumber One. Mr. Thielman said that depends totally on the market and what the economy does. Ms. Rizer added there would be no way to make any guarantees for this now with the interest rates and changes taking place.

Commissioner Hontos questioned whether or not raising the income levels from 70% to 80% would not be enough to get sales. Mr. Knettel responded they still would not sell because the units are over market price. Commissioner Hontos stated there were other private developers struggling as well who did not have HRA assistance, so he felt the split between the HRA and Lumber One should at least be an even split. Mr. Knettel said he saw the split as being even if you take into account all the holding costs Lumber One is paying on the lots. Chair Gohman said representatives from Lumber One would again be at the 7:00 p.m. meeting if there were further questions and moved the meeting forward.

Mr. Thielman announced that Park Industries had called and asked to be pulled from the 7:00 p.m. agenda as they were not prepared with their request.

Mr. Thielman announced that the economic stimulus plan being proposed by President Obama includes additional funding for CDBG and the Capital Fund. He said a resolution for approval will be brought forward at the March meeting. Mr. Thielman said the capital funds can only be used for public housing so staff is looking at carpet for the Wilson and Empire Apartment buildings for updating and for noise control.

The meeting closed 6:45 p.m.

ATTEST:

Chair, Nancy Gohman

Secretary, George Hontos