

**ST. CLOUD HOUSING & REDEVELOPMENT AUTHORITY  
STUDY SESSION MEETING**

**Wednesday, July 22, 2009**

A Study Session was held on July 22, 2009, Conference Room One, City Hall, 400 2<sup>nd</sup> Street South, St. Cloud, Minnesota. Chair Nancy Gohman called the meeting to order at 5:32 p.m.

Roll call was taken. Commissioners present: Nancy Gohman, George Hontos, Joan Jaye, Bob Johnson, John Pederson and Peter Ruth. Mike Landy arrived at 6:27 p.m., the beginning of Item 2 on the agenda. Staff present: Executive Director Bruce Thielman, Housing Director Louise Reis, Finance Director Karen Rizer, Development Director Cliff Knettel, Community Development Manager Les Henson and Administrative Services Manager Sandy Hunter. Also attending, St. Cloud Times reporter Larry Schumacher and HRA legal counsel, Jerry Von Korff.

1. Discussion of a Housing Choice Voucher Home Ownership Program – Bruce Thielman, Executive Director, introduced Louise Reis, Housing Director, and Lori Lygre, Housing Choice Voucher Coordinator, to help him describe the HCV-HOP program and answer questions. Ms. Reis explained the materials she had given Board members in their packets; including a flowchart showing that the final say on who would receive loans would be up to the lender. She said the voucher program is driven by Federal regulations and the initial phase of the program would be very labor intensive for staff. Ms. Reis said because of the time commitment, she would only request 5 homes and/or vouchers to try the program out.

Ms. Reis said the HRA would earn \$5,000 for the first home closing and \$1,000 for every closing after that. She explained that the concept is being recommended by HUD, and could help address the solution of finding affordable housing for larger families. Commissioner Johnson asked what was meant by “First Time Homebuyer”. Ms. Reis explained it meant the person applying for the home ownership voucher could not have owned a house for three years prior to applying.

Commissioner Jaye questioned what would happen to the person’s voucher if they were to become jobless or their income changed in some way and they were unable to make payments. Ms. Reis said it would work the same as if they had a regular voucher. She said the homeowner would first do a recertification form to see if they would still qualify for the HCV program and then, if ineligible, would be sent a statement giving them notice to move out. Ms. Reis said it would be handled the same as if they had a voucher for an apartment; rent would be adjusted to their income. Commissioner Johnson said he felt this program could be a significant benefit to someone who just was on the edge of getting off the system and into their own home.

Commissioner Pederson asked if the houses would fall under the crime free rules. Ms. Lygre responded that everything would be considered the same way as with a regular voucher. She said there can be no criminal activities, annual inspections must still be completed, annual re-certifications will be done, and all income changes must be reported. Ms. Lygre added that each applicant will need to go through the Home Stretch program before being allowed to enter the program. Ms. Reis said the client also has to be in good standing with their current landlord, they cannot have owned or own any other property for three years prior, and they must also be in good standing with the HRA.

Commissioner Hontos questioned how long they would be able to stay on the voucher program if they were to use it for a home purchase. Ms. Reis responded the voucher could be used for 15 years and if income and eligibility qualified, they could remain on 20 year or more mortgages. She said if disabled, it could be used indefinitely. Commissioner Hontos asked Ms. Lygre how many vouchers over the nine years she has been

employed at the HRA have been taken away. Ms. Lygre said she would estimate over 100 vouchers have been taken back by the Agency because someone broke the rules. Commissioner Hontos questioned if staff saw any downsides to the program. Ms. Reis responded she felt it was a good program that was worth trying. She said her only concern was one that some of Commissioners had mentioned regarding building home equity and selling the home and still being income qualified to use the voucher. Ms. Reis said she would look into this further. Ms. Rizer, Finance Director, said the credit counseling and other steps the applicant needs to go through is so intense that it could be a deterrent for many so unless a catastrophe happens to the family she would be surprised to see them buy the home to gain equity and then sell while still being income qualified for the voucher.

Commissioner Jaye asked if there were any stipulations on the size of home you could purchase. Staff was unsure. Ms. Reis said she would follow up on her question.

Commissioner Johnson said since there would be a minimal cost to the Agency in time, and they would need to spend the time on this tenant with a regular voucher anyway, he saw it as a tremendous benefit to increase stability for a small number of families.

Commissioner Hontos said one thing he did not want to see was to set up any more families for failure of not knowing how much is involved with becoming a homeowner, i.e., snowblowers, shovels, rakes, lawnmowers, etc. Commissioner Jaye suggested as part of the Community Development or Neighborhood Revitalization Department at the HRA that perhaps a “share” program could be considered where not everyone would need to own all of these items but could all use them. Ms. Reis said in order to qualify for the program two separate home inspections will need to take place. She added a line could be added into the escrow amount to address future needs like shingles, windows, paint, or other home repairs. Ms. Rizer added in order to get two inspections to pass it also could take years to qualify. She said if you look at who is using this type of voucher it is mostly handicap persons.

Commissioner Jaye asked if the guidelines could be written stronger than those proposed by staff. She also said she would want to see the house size match the family size so applicants are not buying homes bigger than needed. Mr. VonKorff suggested finding testimonials from people who have been able to use these vouchers to see how they have worked for them. Commissioner Hontos added to this request an invite to bankers to find out how many foreclosures they have seen through this type of program and what can be done to prevent them. Commissioner Jaye suggested a small pilot program to see how it will work. Commissioner Ruth suggested two vouchers rather than the five suggested by staff. Further discussion will take place at the 7:00 p.m. meeting.

[6:27 p.m. – Commissioner Landy joined.]

2. Discussion of the Proposal to Transfer Economic Development to the City – Mr. Thielman stated he and Chair Gohman had recently met with Mayor Kleis, Economic Development Task Force Chair Dave Gruenes and City Administrator Mike Williams to discuss the Mayor’s transfer proposal. He said from this meeting he understood that the City Council could be voting on the transfer prior to the next HRA Board meeting and wanted to give the Board an opportunity to comment on the transfer at the 7:00 p.m. meeting if they felt inclined to do so. Mr. Thielman also thanked Chair Gohman for her concern and involvement in this meeting with the Mayor.

Commissioner Johnson said he felt there is a distinction in the definition of community development and economic development on how the infrastructure would be set up and how it will be divided that has not yet been determined. Commissioner Hontos said he did not hear the two as being divided in any conversations he has had. He said he sees community development staying at the HRA along with the neighborhood issues.

Commissioner Hontos said it was his understanding Mayor Kleis has since slowed down the timeline for the transfer, so as to include more public involvement.

Mr. Thielman said he did not dispute the change in the timeline, but was unaware of timetables being slowed down when the agenda was sent out. He said he only wanted the issue addressed because he felt this meeting would be the only time prior to the final decision being voted on by Council for the Board to voice their opinion. Mr. Thielman said if the Board did not want to address the issue at this time Item 11, from the 7:00 p.m. meeting, could be pulled prior to the meeting.

Commissioner Landy said it is not news to anyone that the Board and other Boards are disappointed with what has been done in Economic Development for the City. He said he sees it as this Boards responsibility to work with the Mayor's proposal by figuring out how to keep the remaining programs at the HRA sustainable. Commissioner Landy said he wants to assure that what is left is strong and can survive. Commissioner Landy said this should be discussed.

Cliff Knettel, Development Director, questioned if the CDBG program would be remaining with the HRA or moving to the City. Commissioner Hontos responded that this is a policy and staffing level decision that is not yet set in stone and is not for this Board to determine. He said this group needs to focus on what Commissioner Landy stated; what will the Agency look like without Economic Development.

Commissioner Ruth said he was in favor of the recommendations made by the Task Force. He said he felt it was a diverse group of caring community leaders who presented a well thought out process that received an unanimous vote from the group on their final recommendations. Commissioner Landy said he agreed with Commissioner Ruth's conclusion and added that the final say will be a Council decision and not one of the HRA Board.

Jerry Von Korff, legal counsel, asked that accounting staff and he be given as much time as possible of decisions made so to be able to provide policy guidance.

Chair Gohman said everything at this point is in the timing. Commissioner Hontos said he understood that the Mayor would be getting more public input over the upcoming week or two. Chair Gohman said she would recap comments/concerns at the 7:00 p.m. meeting under Item 11.

There being no further business or time, the meeting adjourned at 6:58 p.m.

ATTEST:

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Chair, Nancy Gohman

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Secretary, George Hontos