

HOUSING & REDEVELOPMENT AUTHORITY OF CLAY COUNTY Regular Meeting of August 15, 2024

BOARD MEMBERS PRESENT:

Tia Braseth, Anthony Dillard, Cecil Johnson, Greg Lemke and Bethany Peterson. Clay County Commission Liaison, Paul Krabbenhoft.

MEMBERS ABSENT:

None

STAFF PRESENT:

Dara Lee, Dawn Bacon and Jill Cossette.

9:38 A.M. REGULAR MEETING CALLED TO ORDER:

AGENDA:

A motion was made by Commissioner Dillard to approve the agenda. Commissioner Lemke seconded the motion and it carried unanimously.

MINUTES FROM AUGUST 15, 2024, REGULAR MEETING:

A motion was made by Commissioner Dillard to approve the August 15, 2024, regular minutes. Commissioner Peterson seconded the motion and it carried unanimously.

CITIZENS TO BE HEARD:

None

TREASURER REPORT:

Director Lee reviewed June Budget Reviews.

A motion was made by Commissioner Johnson to accept and file the Treasurer Report. Commissioner Dillard seconded the motion and it carried unanimously.

PROJECT UPDATES

Director Lee provided project updates.

Houge Estates

Houge Estates, 510 Center Ave E, Dilworth, MN 56529, is a 60-unit apartment building. All units are one-bedrooms (about 650 sq. ft.), and residents must have a disabling condition or be 62 or older to reside there. Residents pay 30% of their income towards their rent and utilities. The remainder of the rent is subsidized by HUD through a Housing Assistance Payment (HAP) contract with HUD.

It was built in 1981 and is owned by the Elderly Housing Corporation of Clay County (EHC), a 501(c)(3) non-profit. The non-profit was created by the HRA to develop this project. The HRA has managed the EHC and Houge Estates since their inception.

The HRA offices were located at Houge Estates from 1981 until the early 1990s. From 2002 until 2015 assisted living services were available in the building through a third-party provider. The provider continuously lost money providing services in the building and had to withdraw. We could not find any other providers willing to replace them.

The building received a minor renovation in 2013 (primarily windows and kitchens) which was funded with a deferred loan from the Minnesota Housing Finance Agency through the Rental Rehabilitation Deferred Loan program.

Over the years, the composition of the building has shifted from primarily elderly to primarily younger disabled individuals. The Houge Estates Service Coordinator is housed at this location.

Clay County SAHA funds were awarded to update the security cameras at the property. Contracts have been awarded, but we are waiting for low bidder to get back to us to schedule.

As of August 1, there are 11 vacant units and two pending move-outs. One new tenant moved in on August 7. Treatment for cockroaches continues.

Staff are processing applications, and 15 more applicants are being contacted. Thirty-five households remain on the waiting list. The waiting list is currently closed. We anticipate opening the waiting list when the new application portal is launched.

Agassiz Apartments

Agassiz Apartments, 114 2nd St NE, Ulen, MN, is a 12-unit apartment building. Eleven of the units are one-bedrooms (about 650 sq. ft.) and one is a 2-bedroom, and residents must have a disabling condition or be 62 or older to reside there. Residents pay 30% of their income towards their rent and utilities. The remainder of the rent is subsidized by HUD through a Housing Assistance Payment (HAP) contract with HUD.

It was built in 1978 with a loan subsidized through USDA Rural Development. It is owned and operated by the HRA. The building received a minor renovation in 2013 (primarily windows and kitchens) which was funded with a deferred loan from the Minnesota Housing Finance Agency through the Rental Rehabilitation Deferred Loan program.

Over the years, the composition of the building has shifted from primarily elderly to about half elderly and half disabled.

Clay County awarded SAHA funding for both roof replacement and security upgrades. Agassiz's roof has been replaced. We are waiting for the contractor to provide us with a start date for the security upgrades.

As of August 1, there are no vacancies, and 14 applicants on the waiting list. The waiting list is currently closed. There will be a HUD inspection on August 12.

Clay County Affordable Housing LLC/Boyer Apartments

The Clay County Affordable Housing units are in Dilworth, Ulen, and Hawley; and include the Boyer Apartments in Moorhead. The CCAH units are composed of twelve duplexes located in neighborhood settings. The Dilworth and Ulen units were constructed in 1979 as Public Housing. The Hawley units were constructed in 1981 as Public Housing. Twenty-one units are 3-bedrooms and three are four-bedrooms.

CCAH units were operated by the HRA as Public Housing units until January 1, 2019, when the HRA “disposed” of its Public Housing units by “selling” them to the CCAH LLC, which is a non-profit LLC with the HRA as its sole member. The HRA opted to reposition its public housing and receive replacement Housing Choice Vouchers for the units. Maintaining the units as public housing was not financially viable. The HRA then transferred its public housing PROGRAM to the Moorhead Public Housing Agency on July 1, 2020. This was essentially the transfer of future funding streams from HUD since there was no property remaining.

The Boyer Apartments are two 4-unit buildings that are adjacent to each other and contain a total of seven 2-bedroom units and one 1-bedroom unit. They were built in 1975 and 1976. The HRA purchased Boyer Apartments in 2006. The HRA received over \$100,000 in funding from the local adult mental health initiative (BCOW) to assist with the initial purchase and operations. The buildings were rehabilitated in 2008 with HOME funding.

The HRA and CCAH Boards approved the sale of the Boyer Apartments to the CCAH at the time of the Fieldcrest Townhomes loan closing when it was released as collateral.

There are no outstanding debts on these buildings.

As of August 1, there are 4 vacant units. Openings are in Ulen (2), Hawley (1), and Dilworth (1). There is a pending eviction for a Dilworth unit, and a move-out notice for a Moorhead unit.

Three of the units have been offered to and accepted by applicants. As soon as the HCV applications and inspections are complete, the households will move in. There has been no interest expressed in the other Ulen unit. A “For Rent” sign is being placed in the front yard.

Staff are processing other applications for the upcoming openings. There are 12 people on the waiting list. The waiting list only opens when there are vacancies.

There is no specific subsidy tied to these units. Residents of these units receive a preference for a Housing Choice Voucher if their family size fits the available unit.

Fieldcrest Townhomes

In January 2017, the HRA purchased Fieldcrest Townhomes, 1828 34th Ave S, Moorhead, MN, when it exercised a Right of First Refusal when the prior owner decided to sell the development.

It was in poor condition. The HRA paid \$2 million for the 40-unit townhome development in south Moorhead. There are 20 2-bedroom and 20 3-bedroom units. There are twenty detached garages as well.

Residents pay 30% of their income towards their rent and utilities. The remainder of the rent is subsidized by HUD through a Housing Assistance Payment (HAP) contract with HUD. This contract dated back to 1980 when the building was initially constructed. The rents were suppressed, and there was significant deferred maintenance on the property. The contract expired in December 2020, and rents were raised to market levels.

Fieldcrest was approved for \$1M in funding through the FHLB of Des Moines and over \$7M from Minnesota Housing. The HRA "sold" the development to Fieldcrest Townhomes LLC on April 15, 2022. The LLC is a non-profit LLC with the HRA as its sole member. Construction was completed on November 1, 2023.

The City of Moorhead and HUD funded a \$99,000 Wi-Fi installation for the development. Moorhead awarded SAHA funds to install a security system. Bids are being obtained. There is a HUD inspection scheduled for August 21.

As of August 1, there are 6 vacant units. Three applications are being processed. All supportive housing units have been filled. Ten letters have been mailed out to people on the waiting list. There are 50 households on the waiting list. The waiting list is closed.

Three staff (Supportive Services Manager, Supportive Services Specialist, and a Supportive Services Assistant) are housed at the property. One staff member has resigned and interviews for a replacement are under way. There is another office at the location used by CAPLP for supportive services.

Gateway Gardens

Gateway Gardens, 1817 1st Ave N, Moorhead, MN, is a 24-unit permanent supportive housing apartment building. The HRA constructed the building in 2010 using Minnesota Housing financing. The funding is in the form of deferred loans that will be forgiven in part after 20 years and completely after 30 years of operations. The front desk is staffed 24/7.

Rent and services are subsidized primarily through the Housing Supports program. There also are four project-based Housing Choice Vouchers attached to units. We are a subgrantee of CAPLP for a DHS HSASMI (Housing Supports for Adults with Serious Mental Illness) grant that helps fund the front desk costs. The grant ends on July 1. The HRA and GSSC, a private security company, each provide 12 hours of staffing per day. CCRI case management staff also provides Housing Stabilization Services through Medical Assistance.

The HRA staffs the front desk from 8 a.m. to 8 p.m. each day. There are primarily 3 HRA employees filling this role (one full-time and two part-time). The supportive services person who resigned will be working part-time in this position on an as needed basis. From 8 p.m. to 8 a.m., a security company staffs the front desk. The security company monitors the cameras for the

High Rise as well as for Gateway Gardens. Staff are looking into monitoring the Sharp View cameras from this location as well. If we can do so, we will charge the public housing program for a small amount of the overnight security time. The amount will be dependent upon input from GSSC regarding the proportion of time.

SAHA funds were received from Moorhead to update the Gateway Gardens security system. Staff are obtaining bids.

As of August 1, there are 2 openings and one scheduled move-in. Another application is being processed, but the unit is not ready. New tenants are selected from the community Coordinated Entry list.

The Housing Supports supplies are located at Gateway Gardens. A supportive services staff and an assistant property manager are officed at this location. The CCRI case manager continues to have an office at the location.

Prairie Horizons Townhomes

Prairie Horizons Townhomes are eight townhome permanent supportive housing units for families located in south Moorhead, across from Fieldcrest Townhomes. The HRA constructed the development in 2012 using Minnesota Housing financing. The funding is in the form of deferred loans that will be forgiven in part after 20 years. There is a small portion (\$337,076) that is deferred for 30 years at 0% interest that must be repaid. The HRA owns and manages these eight units (5 2-bedrooms, 2 3-bedrooms, and 1 4-bedroom). The rents in these units are subsidized with project-based Housing Choice Vouchers. Services are provided through the HRA Cares grant. They are sometimes referred to as East Prairie Horizons Townhomes or EPHT.

These units are adjacent to another 8-unit town home permanent supportive housing development, which are confusingly also called Prairie Horizons Townhomes or Eastern Townhomes – south units. There are four one-bedroom and four two-bedroom units. The HRA owns 0.01% as a Special Limited Partner in the Eastern Townhomes LLC. The HRA provided a \$330,000 deferred loan when the project was constructed in 2006. It bears 5% interest and is due in 2036.

There are an additional thirty units in this development located in north Moorhead. The HRA has project-based 8 Housing Choice Vouchers in the eight south supportive housing units and an additional eight in the 30 north units. Support services are funded through the HRA Cares program.

An HRA staff person and a CCRI employee are both officed part-time at the site. Due to the changes in the HRA Cares program, tenants can choose their own participating service provider.

As of August 1, there are no vacancies. Tenants are selected from the community Coordinated Entry list, so a waiting list is not maintained.

River View Heights (Moorhead Public Housing Agency)

River View Heights, 800 2nd Ave N, Moorhead, is part of HUD's low rent public housing program. It is a 14-story apartment building built in 1968 with 104 units.

As of August 1, there are 10 vacancies, but one of these is approved by HUD to be vacant due to rehabilitation work. Two applicants have been approved; two are being processed; and ten more applicants are being contacted.

There are currently 187 people on the public housing waiting list which is shared with Sharp View.

Sharp View (MPHA)

Sharp View, 920 5th Ave S, Moorhead, MN, is a part of HUD's low rent public housing program. It is a two story, 47-unit apartment building designated for seniors aged 62 and over. The building was originally built as an elementary school in 1950 and rehabbed as an apartment in the 1980s.

As of August 1, Sharp View has no vacancies. There is a move-out notice for the end of August. The waiting list is shared with the River View Heights waiting list.

The development has been selected to receive over \$1.4 million in bond funding to complete significant updates to the building.

Moorhead Affordable Housing LLC (MPHA)

The Moorhead Affordable Housing LLC consists of 30 units ranging from single family homes, duplexes, and townhomes. They were originally under HUD's public housing program but approved under the Section 18 Disposition in 2021 and sold to the LLC. Most of the units are three bedrooms and primarily house families with children.

As of August 1, there are three vacancies. Seven applicants have been contacted for the openings. There have been dangerous activities at two of the locations resulting in a garage fire and a violent episode. Staff continue to work with law enforcement to remove all dangerous households from the units. The HRA is tightening its screening across all programs.

While there is no specific subsidy tied to these units, accepted applicants do have a preference for an HCV voucher.

Maple Court Town Homes (MPHA and City of Moorhead)

Maple Court Townhomes consists of 34 units of two, three, and four-bedroom townhomes. One parcel is owned by the City of Moorhead and the other parcel is owned by Moorhead Public Housing Agency. MPHA/Clay HRA manage all the units. This property utilizes on-site caretakers.

As of August 1, there is one vacancy. An application is being processed. The waiting list closes at the end of the month due to the extensive wait time.

Housing Choice Vouchers

The HRA has administered a form of the current Housing Choice Voucher program since the mid-1970s. It is also known as Section 8. Tenants rent in the private market and pay at least 30% of their income towards rent and utilities. The HRA determines Payment Standards (rent limits) and utility allowances each year. HUD provides a fixed amount of funding based upon the federal budget approved by Congress each year.

This HRA program has more than doubled in size since 2017. It is the largest program operated by the HRA and composes approximately 45% of the total agency budget. In June 2017, the HRA had 360 vouchers, and it now has 753 vouchers (a decrease of 11 due to the VASH transfer and sunseting of the Emergency Housing Voucher program).

The reason for the net increase is as follows: 1) In July 2017, the Moorhead Public Housing Agency transferred its 95-unit program to the HRA; 2) from 2018-2023 the HRA was awarded 187 Mainstream vouchers; 3) in 2019 the HRA received 24 vouchers due to the repositioning of its Public Housing; 4) in 2018 the HRA received 15 VASH vouchers and in 2021, 25 VASH vouchers (10 now transferred); 5) from 2020 through 2024, the HRA received 3 Foster Youth to Independence vouchers; 6) on July 1, 2021, the HRA received 15 Emergency Housing Vouchers (one is no longer available), and 30 vouchers due to Moorhead PHAs repositioning of 30 of its Public Housing units; 7) in 2022 it received 5 “fair share” vouchers; and 8) in December 2023, it received 5 Housing Stability vouchers.

The EHV program was funded through the American Rescue Plan Act. The EHV's come with higher administrative fees and service funding. They are targeted at those fleeing domestic violence, homeless, at risk of homeless, and recently homeless households. As tenants leave that program, they cannot be replaced. The program will sunset. The program is sufficiently funded to support all 14 households who are still receiving assistance through 2024.

As of August 1, 2024, there were a total of 743 out of 753 units leased in the Housing Choice Voucher program.

We are working with 9 additional households from other housing authorities. We have 552 vouchers under our main HCV HUD contract; 187 under our Mainstream HCV contract; and 14 under our HCV Emergency Housing Voucher (EHV) contract.

Of the 552 vouchers under our main contract, 544 vouchers are leased: 484 of 485 regular vouchers; 29 out of 29 Tenant Protection Vouchers; 3 of 3 FYI vouchers; 3 out of 5 Housing Stability Vouchers, and 25 of 30 VASH vouchers.

We have 10 existing regular HCV participants who are between units; we have issued three regular vouchers for our repositioned public housing units, and one VASH voucher to new participants. We have received referrals for the two open Housing Stability Vouchers. There are

17 households on the main waiting list which is primarily closed.

Since we were leasing more than our maximum number of vouchers at the beginning of the year, the HRA may only average 541 units leased each month for the remainder of the year. It appears that we will be able to meet that goal.

185 out of 187 Mainstream vouchers are under lease. We have 5 existing Mainstream participants who are between units.

14 EHV vouchers are under lease. All current participants can remain on the program for as long as needed.

Due to recent graduations, we have 72 individuals enrolled in our Family Self-Sufficiency program. We have had 82 FSS participants in the past 12 months. We can serve up to 75 households.

Becker-Clay-Otter Tail-Wilkin (BCOW) Adult Mental Health Initiative (AMHI) Rental Assistance

The contract with the BCOW AMHI provides funding for rental assistance and administrative fees to assist households who contain a member who has a serious mental illness and is leaving an institution or is currently homeless.

The 2024 grant was changed to allow for housing navigation and case management services to be provided through the grant as well as rental assistance and administrative fees. A staff person works approximately 16 hours per week on this activity.

As of August 1, there are 21 participants. We are not accepting any additional referrals due to spending approximately \$9000 more in the first 6 months than budgeted. There is enough time remaining to decrease the case load that we should be able to remain within budget for the grant term.

HRA Cares

HRA Cares is a HUD-funded Continuum of Care program. It is for individuals and families who are literally homeless and have a family member with a disabling condition. There are no time limits on the supportive services. We provide supportive services at the two Prairie Horizons Townhomes developments and in forty-eight scattered-site units. We are authorized to serve sixty-four households with these funds. The HRA administers the program and provides some of the supportive services. We have executed Memorandums of Understanding (MOUs) with CCRI, West Central Minnesota Communities Action, Lakes & Prairies Community Action Partnership (CAPLP), the Lotus Center, Greater Minnesota Community Services, and Presentation Partners in Housing. The HRA also provides supportive services. This allows for tenant choice.

The grant has been in place since 2006. It provided rental assistance as well as supportive services from 2008 through 2023. The grant that began January 1, 2024, was reduced significantly during the past funding round. HUD agreed to amend the grant to transfer all funds into the supportive services and administrative categories. HUD monitored the grant the first

week in August 2024. Overall, the monitoring went very well. It is likely that we will need to make some updates to the current policy.

We are currently serving 61 households. Of the 61 households, 49 are in Clay, 3 are in Otter Tail, and 2 are in Douglas Counties, MN; and there are 7 in Fargo, ND. There are 31 singles and 30 families being served. There are two households searching for units.

Homeless to Housed Rental Assistance

Homeless to Housed is a Minnesota-funded rental assistance program for high priority homeless families, youth, and singles across the counties of Clay, Douglas, Grant, Pope, Stevens, Traverse, and Wilkin. It is a time-limited program for households experiencing homelessness who are unable to immediately receive a Housing Choice Voucher. It operates similarly to the HCV program.

The grant was initially funded in 2008 to serve forty-five households. It has been renewed every 2 years since that time. Our current grant is to serve eighty-five households through September 30, 2025.

We are serving 57 households now. Fifteen households are searching for units. Three of these households have located units and will move in once the unit passes inspection. There are 12 singles and 45 families being served. The grant targets families and youth-headed households. Leased households are from Clay (46) and Douglas (11) Counties.

Openings are filled through the coordinated entry process. Staff is actively searching for eligible households. There is sufficient funding to serve approximately 80 households per month through the end of the grant term. Filling this program is our number one rental assistance priority.

Homework Starts with Home

Homework Starts with Home is a program offered by Minnesota Housing. In 2014, the HRA was one of three initial pilot locations for a rental assistance program that focused on families with school-age children. We participated in the pilot until it ended in 2018. At the end of the pilot, Minnesota developed Homework Starts with Home. The HSWH program was based primarily upon the pilot operated by the HRA.

The HRA was funded in each of three rounds of competitive funding. Throughout this time, the HRA has been the lead agency in a partnership that is working towards ending child homelessness. The initial pilot partners were Churches United for the Homeless, Moorhead Public Schools, and Lakes & Prairies Community Action Partnership (CAPLP). We now have forty-five partner agencies including fourteen school districts across seven counties.

The current grant term runs from 10/1/2023-9/30/2025. We anticipate serving a total of thirty-two households during that time.

As of August 1, we are serving 32 households. Six additional households are searching for a unit, and there is one pending referral. There is enough rental assistance funding to serve more than 40 households for the remainder of the grant term. We will be able to put additional resources into

the administration of this program now that we have received first half of the HRA Tax Levy.

Households are from Becker (3), Clay (16), Douglas (3), Pope (1), Otter Tail (6), Stevens (1), and Wilkin (1) Counties. Two households have moved into Fieldcrest and are receiving Homework Starts with Home services through CAPLP. CAPLP has an on-site office at Fieldcrest.

Housing Supports (formerly GRH) in Scattered-Site Units

Housing Supports is a Minnesota-funded program operated through the Department of Human Services. It provides room and board payments (which we refer to as Rate 1) and supplemental services payments (which we refer to as Rate 2). Rate 1 pays for rent, utilities, telephones, transportation, and all basic needs items. Rate 2 pays for supportive services. We have a contract with Clay County Social Services to provide this program. We began providing it when we opened Gateway Gardens in 2010. Twenty of the twenty-four units in the building use this funding source.

In 2016, we added a community option and started subcontracting for service provision with several area non-profit partners. The HRA does all program administration, administers all Rate 1, and provides some of the Rate 2 services. It is an extremely complex program to administer.

As of August 1, a total of 99 households were being served by the Housing Supports program in Clay County. There are 81 households leased in the scattered-site Housing Supports program – 9 with the HRA; 16 with CAPLP; 6 with the Presentation Partners in Housing; 3 with LMHC; 7 with Metro Behavioral Health; 8 with the Lotus Center; and 27 with Greater Minnesota Community Services. In addition, CCRI serves 6 scattered sites and 18 Housing Supports clients at Gateway Gardens.

Sixteen households are searching for units and 5 are on a waiting list. Clay County Social Services has indicated that we are able to add up to 51 additional households at a rate of approximately 5 households per month. We anticipate returning to capacity by Summer 2025.

Minnesota DHS Community Living Infrastructure Grant

The Community Living Infrastructure Grant began in 2018. Clay County is the grant recipient and the HRA is the project manager and provides the Housing Resource Specialist. The funds were allocated to help communities build the necessary infrastructure so that individuals with disabilities can live fully integrated into the communities of their choice. The grant funds outreach workers, housing resource specialists, and administration. The original grant covered all ten counties in West Central Minnesota and the three Community Action Programs serving the counties who each performed outreach. Mahube-Otwa has chosen to remain a partner but not be a sub-recipient for the grant.

Funding of the current grant was extended until 6/30/25. The funding for the HRA supports 0.82 FTE.

No changes in the past month.

Minnesota DHS Housing Stabilization Services

Housing Stabilization Services are a Medicaid benefit available in Minnesota. It became available July 1, 2020. The HRA was the second agency in West Central Minnesota to become an approved provider. The HRA was approved to provide Housing Stabilization Services – both Housing Consultation and Transition & Sustaining Services effective July 2020.

Staff began Housing Consultations in 2020. Due to losing over \$50,000 in the initial operations of this program, we began doing limited housing consultations only. Payment is still pending on 5 consultations.

Owner-Occupied Rehab Program

The HRA has operated and operates several distinct programs under the Owner-Occupied Rehab umbrella. The largest program is the Minnesota Department of Employment and Economic Development (DEED) Small Cities Development Program (SCDP). Funds used for this program are federal HUD Community Development Block Grant (CDBG) that are allocated to the state for Greater Minnesota. DEED then holds annual competitive application rounds to award these funds to non-entitlement communities.

The HRA first started administering CDBG funds in 1974 or 1975. The agency stopped the program in the early 1990's due to local political challenges. The HRA once again started administering the program through DEED SCDP in 2008. Only cities and counties may apply for the funding. The HRA serves as the administrator. Clay County was the applicant for the 2008, 2010, and 2012 funding rounds. The City of Barnesville was the applicant in 2014, the City of Sabin in 2016, and the City of Dilworth in 2021. The HRA has utilized HRA Tax Levy funds in 2010, 2014, 2019, and 2020 to leverage these rehabilitation resources. Clay County allocated \$80,000 in ARPA funds for this purpose. Clay County has allocated SAHA funds and consented to tax levy funds to be used in 2024.

All these loans have been deferred. Some have been forgiven after 10-15 years while others remain repayable. Each community application has different terms.

Dilworth

The HRA staff is administering a \$922,000 DEED grant for the City of Dilworth. It received funding to rehabilitate 21 homes. Twenty-six (26) applications were received in the initial solicitation of interest. Twelve of these did not follow through due to death, increased income, or reduced interest in the program. In 2024, a second solicitation was mailed out. Twenty-six (26) new applications were received. DEED has approved an extension of the grant from September 30 until December 31, 2024.

So far 10 projects are complete; 5 projects are under construction; 6 projects are preparing to close; 1 project is bidding; and 1 is still in the eligibility phase. This would be a total of 23 homes. It is anticipated there is funding for at least two more homes. There are 10 applicants on the waiting list. Others were removed from the waiting list due to death, ineligibility due to

higher income than limits, or voluntarily dropping.

The grant funded the rehabilitation of 7 commercial properties. Nine applications were received. One sold the building, and the application was withdrawn. Physical property inspections have been completed on all commercial buildings. Four projects are complete; 2 projects are supposed to be finalizing the scopes of work but are unclear regarding what they want done; and one owner has not been responsive. A scope of work is being prepared for the final applicant since it appears there will be sufficient funding available. If more funding remains, we will advertise and accept additional applications.

RLP (Minnesota Housing Rehabilitation Loan Program)

The Minnesota Housing Rehabilitation Loan Program is funded by the state. Three projects are in the bidding phase, and three applications are being processed. Nine people who applied are not responding and will be dropped from the list.

2025 HRA TAX LEVY DISCUSSION

Authorization to Levy and Clay County HRA Levy History

Minnesota Statutes §469.033, subd. 6 permits the HRA to levy and collect a Special Benefit Tax of up to 0.0185% of the taxable market value upon all taxable property, both real and personal, within the Authority's area of operation which includes Clay County except the cities of Barnesville and Moorhead. The statute requires the consent of the Board of Commissioners of Clay County to approve such a levy; and requires Local Governments to certify their tax levies to the County Auditor. The HRA also needs the consent of the local unit of government to levy within the cities of Barnesville or Moorhead.

The HRA has exercised this power in 2008 (\$100,000), 2010 (\$100,000), 2014 (\$190,000), 2019 (\$380,000), 2020 (\$225,000), and now in 2024. In July, the HRA received the first installment of the 2024 levy funding. Levy funds can be used for any allowable housing authority activity. In 2021, Clay County allocated \$190,000 in ARPA funding to the HRA. In 2012, the HRA was awarded \$25,000 in General Funds as match for a rehab application.

From the total of \$1,210,000 the HRA received in local funding received through 2023 (\$995,000 in levy funds; \$190,000 in ARPA; and \$25,000 in General Funds), it has leveraged over \$16,515,000 in federal, state, and foundation investments in Clay County (\$4,515,000 for rehab of single-family homes and businesses; over \$7,000,000 for the rehabilitation of rental housing; and over \$5,000,000 in additional rental assistance and supports).

Through 2023, the return on the investment for Clay County residents has been approximately 13.65 to 1. Another way of saying it that for the total of \$47 per household that has been the tax burden on Clay County residents over the last 48 years, they have received a \$645 return to their community.

The funds generated in 2014, 2019, and 2020 were used to create the Homework Starts with Home Program, invest in Fieldcrest Townhomes, and obtain 40 VASH and 187 new Mainstream

Housing Choice Vouchers. We serve approximately 1500 Clay County households per month. The HRA pays local owners/landlords over \$7 million dollars per year with federal and state funding through our direct rental assistance payments ONLY. This is approximately \$274 per year to each Clay County household. The entire HRA budget results in approximately \$12 million per year in direct local investments.

2025 HRA Levy Considerations

The majority of county HRAs in Minnesota levy on an annual basis. Clay County has one of lowest utilizations of HRA levy funds in the state. HRAs depend upon local government resources to serve its citizens and leverage federal, state, and philanthropic needs.

Scientific studies continue to find that access to affordable housing improves school outcomes, reduces use of law enforcement, detox, and emergency medical services, decreases child protection involvement and improves the community overall.

As discussed consistently, the HRA has faced financially challenging times since the pandemic began. It is still dealing with the on-going impacts which have lead to increased competitive wages; increased costs in operations due to inflation, damages, and evictions; and decreased revenues. As a result, the agency has depleted its reserves during this time and ceased operations of a number of programs.

If the HRA decides to adopt a levy for 2025, it must be consented to by Barnesville, Moorhead, and the Clay County Commission by September 30.

Potential 2025 HRA Levy Amounts

The maximum HRA tax levy, including Barnesville and Moorhead, has increased by 17.3% from last year. State-wide, 60% of HRAs levy at least 50% of the maximum levy and 33% levy the maximum amount. Overall, HRAs levy 58% of the state-wide maximum. The average impact per household is approximately \$40.

These amounts for the Clay County HRA are as follows:

- 100% = \$1,684,146
- 58% = \$976,805
- 50%= \$842,073
- 33%=\$561,382
- 14.8%= \$250,000 (current amount)

Last year, Clay County Commissioners indicated they were not interested in consenting to a maximum levy amount. They balanced the agreed upon need for additional housing with the impact on Clay County property owners.

In June 2023, this board approved a Special Benefit Tax for 2024 in the amount of \$500,000. After extended consultation with the Clay County Commission, the HRA reduced its Special Benefit Tax to \$250,000 and received approximately \$320,00 in SAHA funding for 2023 and 2024 from Clay County and \$85,000 in SAHA funding from the City of Moorhead. As a result,

the total local contribution is \$655,000 for 2024. It would be appropriate to factor in the extra \$155,000 in 2024 SAHA funds when considering a 2025 levy. One-third of the maximum levy (\$561,382) minus the additional SAHA funds (\$155,000) would result in a levy of \$406,382. If the taxable market value increase is not factored in, it would result in a \$345,000 HRA levy. Either of these amounts would be a significantly lower percentage than average for an HRA levy.

Minimum proposed uses of the 2025 levy funds are as follows:

- \$75,000- Rehabilitation activities – while SAHA funds were awarded, none can be used for staff.
 - \$75,000- Gateway Gardens front desk security operations.
 - \$100,000 - Ending child homelessness by supporting programs targeted at this population such as Homework Starts with Home and Homeless to Housed.
 - \$100,000- Leverage and support of on-going agency operations & improvements, and assistance in securing new state housing resources to benefit Clay County citizens.
-

\$350,000

In addition, we anticipate there may need to be significant salary adjustments in 2025-2026 after the Clay County salary study is completed. The budget impact is unknown until Clay County takes action.

The Board discussed the Work Group meeting with the Clay County Commission on August 13. Chair Braseth, Director Lee, Deputy Director Bacon, and Commissioner Peterson attended. The commissioners had numerous questions and concerns regarding the levy.


After the Board considered the August 13 discussion, it examined the possibility of a request to re-allocate SAHA funding savings for the Gateway Gardens costs and approve a reduced levy of \$300,000.

A motion was made by Commissioner Dillard to approve Resolution 08-15-24-1. The motion was seconded by Commissioner Johnson and it carried unanimously.

OTHER

- a. Staffing Updates: Director Lee provided updates on our current staff members on leave and the hiring of a new Maintenance Tech.
- b. Other: Director Lee has not received the 2023 Audit Report. This will be available at the September 19, 2024, meeting.

MEETING WAS ADJOURNED AT 10:30 A.M.



Cecil Johnson, Secretary

9-19-24
Date