

MINUTES
OWATONNA HOUSING AND REDEVELOPMENT AUTHORITY
REGULAR MEETING on SEPTEMBER 27, 2021

The regular meeting of the Owatonna Housing and Redevelopment Authority was called to order at 4:00 pm in the City Council Chambers by Senior Member Olivo.

Members present were Nathan Dotson, John Hole, Shari Kropp, Vicki Olivo, and Hussein Osman. Also present were Housing Manager Ghassan Madkour and Planning Technician Kristen Kopp.

Approval of the Minutes: Senior Member Olivo called for a motion to approve the minutes of the June 28, 2021 meeting. A motion was made by Kropp and seconded by Dotson to approve the minutes. All Commissioners voting Aye, the motion carried.

Executive Director's Report: Community Development Director Troy Klecker introduced himself to new member, Hussein Osman, and welcomed all members to introduce themselves. Klecker presented an update on housing. He said we've issued 29 single family house permits so far this year and there are some in review, so we'll at least be in the 30s this year. We're running out of single family lots, so that will be a focus. Most of our new housing is custom-built homes. We don't have anyone doing spec houses per se., but would love to be at the point where there's enough confidence to be doing spec houses as they will typically be entry-level homes. Custom-built houses are great, and any new housing adds to the inventory and is good for Owatonna. He said he'd like to see it at a little more rapid pace. They are talking to some builders and developers from out of town, which would increase our numbers. As far as multi-family, Schrom's apartment on Mound opened up last week. He said he's a little disappointed in the rent prices, as it's a little high for what's being offered there. He said he's not sure if they're renting up quickly. If they came in a little lower, they'd probably have most of them filled up, and he only knows of one tenant so far. Osman asked about city-owned housing. Klecker said that the City partners with developers to create affordable housing, such as the Eastgate Apartments. The tough thing is that you probably get one every three or four years. There are up front costs that the City usually recoups through tax-incremented financing. There are five or six apartment complexes in town that the City has partnered with over the years. They're looking to open up Eastgate sometime in October and have a waiting list. There are four units for homeless that will be vouchers through our program. We'll probably put an application in next spring for the second phase, which is next to Eastgate. Osman asked if the railroad tracks will still be used. Klecker said yes, but they had to do sound-proofing as part of the project. Dotson asked about the access off Pine Avenue. Klecker said that the parking lots will connect, so you could come in either way. There is one house that will have to be demolished, and the developer already owns it. Zoning approvals still need to happen, and the neighbors will be notified of the public hearing. The other apartment building under construction is on Pearl Street downtown, which is a 43-unit market rate apartment. We are also working with a few other developers on more apartment buildings: one on the north end and possibly one out in the industrial park. There is one on Lemond Road that was approved, but hasn't started construction yet. When we have more units, it takes the pressure off the rest of them. We really need to get more housing units. There is more demand than supply right now. Osman asked if these new apartments are mostly two-bedrooms. Klecker said they are. Osman said that there is a need for three-bedroom units, especially in the refugee community. Osman asked if there was a tax break for anyone who wants to build a new home. Klecker said that they do not get a tax break. He knows there are some communities that have done that and have found that it has not increased the number of houses built.

Old Business: The Housing Choice Voucher program monthly report was presented by Madkour, including the City of Owatonna monthly balance sheet and revenue/expense report. Program utilization: The Housing Voucher program for August totaled 105. Total year to date assistance and administration costs were \$469,878.38 and revenues were \$569,203.27. The Housing Choice Voucher Program fund balance at August month end is \$160,670.84. Madkour provided City of Owatonna HRA monthly balance sheet and revenue/expense reports for the HRA General Fund including the Bridges Programs. The HRA

Revenues year to date total is \$327,455.53 and the expenses total \$283,134.78. The HRA General Fund balance is \$381,088.69.

Madkour said everything is status quo. He's added the Mainstream vouchers to the memorandum. We're currently at nine new vouchers under the Mainstream voucher. People have to be disabled and under 61 years old to qualify. Eight out of the nine are single individuals and the other is a couple, so they are all looking for one-bedroom units. There is another eight people shopping for places. Klecker said it's really difficult to build an affordable unit, the only way a new unit becomes affordable is if some program is subsidizing it. We are focused on the vouchers, because that is a program. They could choose to live anywhere so long as it meets the rent rates and you have a willing landlord that is involved in the program. The vouchers allow them to choose where they live. The program is what makes them affordable and allows for the most flexibility and doesn't concentrate affordable housing into one area. Olivo asked if there was a time limit on the Mainstream vouchers. Madkour said it's originally a five-year voucher, however, because of Covid, they opened it up as unlimited without knowing if they're going to cut the limitation off or not.

There are eight people shopping for Bridges housing, too. He said that to qualify for the Bridges program, the clients either have to be homeless, at risk of homelessness, or coming out of a facility.

A motion was made by Dotson and seconded by Kropp to approve the reports as presented. All Commissioners voting Aye, the motion carried.

New Business. Madkour said our payment standards went down from 2020 to 2021. He said that he looked at Dodge County's numbers and they did not go down. They're part of Olmstead Metro, so they use their numbers. He never got a reason from HUD about why ours went down. Payment standards increased for 2022, which is a good thing. We're able to start October 1, instead of January 1. He said he was able to change nine clients, and it's good to be able to help them out. Because the fair market rates went up, so did the payment standards.

Madkour said that Eastgate will open in October or November. They are full, and a big part of that has to do with the fact they are a tax credit and the rent rates are lower. Klecker said that it's considered workforce housing, so below market rate, but still considerable. Madkour said that he doesn't have the four homeless units filled yet, but they will come through coordinated entry. They cannot come off the waitlist, but have to come through referral. One of those 32 is one of our clients who is moving out.

Madkour said that all of the Mound Street apartment units are above our payment standards. He said he has a call into them about their rent rates. It's managed by Lloyd Management.

There have been six new Bridges clients since the last meeting.

Olivo asked when they usually elect a chairperson. Klecker said that typically it's done annually. Cate Schnitzler was the Chairman and she's come off the board. Olivo is filling in as the Senior Member. Now that we have a full board, we need to have a Chairman and Vice Chairman. Olivo asked if there was any interest for either position. John Hole said he'd be interested in the Vice Chairman position. Olivo said, unless there was an interest, she'd submit her name for Chairman. A motion was made by Dotson and seconded by Kropp to nominate Olivo as Chairman and Hole as Vice Chairman. All Commissioners voting Aye, the motion carried.

Olivo asked about the "Rental House Exp" line in the income statement. Klecker said he'd check into it.

There was some discussion about the Lincoln Avenue house. Klecker said that they would have to look at that intersection and decide whether the City will need to retain ownership of that house due to intersection improvements.

The next meeting will be Monday, October 25, 2021.

Adjournment: There being no further business, a motion to adjourn was made by Hole, seconded by Dotson. All Commissioners voting Aye, the motion carried. The meeting adjourned at 5:08 pm.

Respectfully Submitted,

Ghassan Madkour
Housing Manager