

SCOTT COUNTY COMMUNITY DEVELOPMENT AGENCY

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**BOARD OF COMMISSIONERS
MINUTES - REGULAR MEETING
December 14, 2021**

(1) CALL TO ORDER

This meeting was held at the Faribault Conference Room, Shakopee City Hall. Chair Croatt called the meeting to order at 10:02 a.m.

(2) ROLL CALL

Commissioners present:

District I, DeAnn Croatt
District II, Terri Gulstad
District IV, Patti Sotis
District V, Barry Stock

Staff present:

Bill Jaffa, Executive Director
Julie Siegert, Housing Director
Stacy Crakes, Business Development Adam
Adam Johnson, Finance Director
Linda Janovsky, Recording Secretary

Others present:

Bethany Tjornhom, FISH Executive Director
Janet Poole, JHPool Consulting

(3) MINUTES SUBMITTED FOR APPROVAL

3.1) CDA Regular Meeting – November 9, 2021

Commissioner Stock made a motion to approve the Minutes of November 9. Commissioner Sotis seconded the motion. Unanimous voice vote followed. Motion carried.

(4) AGENDA ACTION(S)

4.1) Agenda Modifications

A memorandum was provided by Housing Director Siegert on the Prior Manor Conversion. This memo is attached hereto for the record.

4.2) Consent Agenda (6.11, 6.12, 6.21, 6.4, 6.7, 6.91)

Commissioner Gulstad made a motion to approve the Consent Agenda. Commissioner Stock seconded the motion. Unanimous voice vote followed. Motion carried.

(5) FINANCIAL REPORT

5.1) Payment of Bills

Commissioner Gulstad made a motion to approve check registers in the amount of \$928,123.67. Commissioner Sotis seconded that motion. Unanimous roll call vote followed. Motion carried.

5.2) RESOLUTION NO. 43-21: AUTHORIZING FY 2021 WRITE OFF OF UNCOLLECTED TENANT ACCOUNTS RECEIVABLE

Commissioners were pleased with the small write-off amount. Finance Director Johnson indicated that the Section 8 program will incur a write-off as well. Commissioner Stock made a motion to approve Resolution No. 43-21. Commissioner Sotis seconded the motion. Unanimous roll call vote followed. Motion carried.

5.3) Designated General Fund Expenditures

Finance Director Johnson explained how these are framed for the end of the year. There is a high amount designated compared to other years, due to IRTS repayment, bond refundings, etc., and also explained amounts rolled over from previous budgets. In addition, he explained the page for the capital fund projects.

5.4) Revolving Loan Fund

Finance Director Johnson indicated that this program has been in development for quite some time and he has done research for the program locally and nationally. We will leverage the experience of NextStage to administer the program. The Finance Committee has reviewed the program. If there are no changes, the Resolution for an Agreement with NextStage will be before the Board next month. There will be \$1M set aside for the program. The maximum loan amount for a business is \$175,000, unless the Board specifically approves. It will be NextStage's responsibility to complete due diligence for the loans. Finance Director Johnson and Business Development Director Crakes answered Commissioner questions.

(6) OLD BUSINESS

6.1) Affordable Housing Programs

6.11)* Affordable Housing Occupancy Report

[Consent; no discussion]

6.12)* Housing Choice Voucher Utilization Report

[Consent; no discussion]

6.13) Prior Manor Conversion

Julie Siegert, Housing Director, indicated that on the table was a memorandum regarding the Prior Manor conversion and explained the Resolutions that needed to be adopted and steps that need to happen. She provided a brief overview of the federal regulations, and that our consultant on this matter, Rod Solomon, helped write. Mr. Solomon has indicated that the CDA has done a good job of repositioning to programs that support losses in other federal programs, such as Section 8. Housing Director Siegert did state that this will close the CDA's public housing program and therefore we will not be able to access any new funds that would be appropriated for this program.

RESOLUTION NO: 45-21: AUTHORIZING AND APPROVING THE EXECUTION OF AGREEMENTS TO FACILITATE THE CONVERSION OF PUBLIC HOUSING TO PROJECT-BASE VOUCHER ASSISTANCE

Commissioner Gulstad made a motion to approve Resolution No. 45-21. Commissioner Sotis seconded the motion. Unanimous roll call vote followed. Motion carried.

6.2) Home Ownership Programs

6.21)* Homeownership Programs Report

[Consent; no discussion]

6.3) Liaison Report – Scott County Commissioner

Not present; no report.

6.4)* First Stop Shop (FSS)

[Consent; no discussion]

6.5) FISH Update

Bethany Tjornhom, Executive Director, thanked the Board for their continued support. She told a FISH story of a young mom with no heat in her car. That need was posted and filled within 15 minutes. She provided a brief overview of 2021---there were 228 needs posted and 197 filled for a total amount of \$97,500. She indicated that the FISH Executive Team is looking at ways to expand into other counties.

6.6) Strategic Planning Briefing

Janet Poole, JHPool Consulting, provided the strategic planning presentation. She summarized the work that the CDA staff have undertaken with the

Board's feedback. This presentation is the outcome of this work. We started out with a 10 year vision and then a 3-5 year plan. Staff is beginning work on their 1-2 year tactical plans. Ms. Poole explained the core competencies in relation to tactics and resources that may need to be allotted.

Ms. Poole clarified that the external assessment that was part of this process consisted of secondary research. Housing Director Siegert did state that as part of the agency's Mission/Vision/Value work, there was stakeholder engagement.

Commissioners asked questions and shared thoughts along the way with Ms. Poole or staff responding. Discussion surrounded opportunities and partnerships that the Agency can build off for current work. This plan tells us WHAT we will be working on, but not how. The next step is to break the goals down to objectives, and tasks for each objective. Objective Owners will assign tasks to their teams and keep track of progress. Next Steps: Staff is already working on the 1-2 year tactical/work plans. Housing Director Siegert stated that object owners have been identified with a deadline to identify tasks by the end of January. Commissioners would like to see the two year work plan and continued engagement on the plan. This will be an ongoing process to identify and complete tasks to objective completion. Ms. Poole asked for Commissioner feedback. Commissioner Stock thought this was a good adaptable plan to keep the board informed and also to introduce to the new Commissioners. Ms. Poole stated it was her pleasure to work with the CDA team and a lot of hard work has happened.

6.7)* River City Centre Retail Master Lease

[Consent; no discussion]

6.8) RESOLUTION NO. 44-21: EXECUTIVE DIRECTOR APPOINTMENT

Commissioner Croatt made a motion to appoint Julie Siegert as the next Executive Director. Commissioner Sotis seconded the motion. Unanimous roll call vote followed. Motion carried. Executive Director Jaffa stated that Julie is going to do a great job. Bill graciously offered his place at the table to Julie. Applause followed. Executive Director Siegert expressed appreciation for the support and for the opportunity to pick up where Bill left off, and his support has meant a lot to her.

Commissioner Croatt commended Bill for building the foundation of the Agency. She feels Bill's main contribution is his ability to make relationships work throughout the community. He identifies partners and then convinces them of their role, which was key to the many successes Bill has had. Executive Director Jaffa expressed that partnerships will continue to grow as the county grows.

Chair Croatt presented to Bill a clock in recognition of his 36 years of service. She thanked him for his leadership and leaving the organization in such good shape. Applause followed.

Chair Croatt presented to Commissioner Sotis a clock in recognition of her many years of service, first as an employee and then as a Commissioner. Commissioner Sotis expressed her appreciation of Bill, stating he always stands with you and it has been a pleasure working with him. Bill talked about some of the early programs he and Patti worked on together. Commissioner Sotis gave thanks for the clock.

Commissioner Stock thanked both Patti and Bill for their service—they built the organization over the years and there are so many projects that have Bill's fingerprints on them. Commissioner Stock reminisced about work he completed with Bill, saying Bill was always the patient one!

Commissioner Croatt said Bill thinks outside the box—in fact, Bill doesn't even have a box. He sees a need and creatively finds solutions.

Bill said there is a great staff in place and he is just a phone call away. Commissioner Sotis expressed her sadness of ending her time on the Board but feels she needs to step away. Patti thanked the Board and Staff. Applause followed.

6.9) SC-CDA Development Activities

6.91)* Scott County Community Land Trust

[Consent; no discussion]

(7) NEW BUSINESS

7.1) New Commissioners District III and IV Status

Housing Director Siegert indicated that Commissioner Beard has appointed Dale Gade for District III. Mr. Gade has experience working with MN Department of Human Services.

Commissioner Beer has appointed Michelle Choedek for District IV. Ms. Choedek was an original First Stop Shop Advisory Board.

Discussion was held regarding possibility rotating offices for the next year.

Commissioner Gulstad stated that she will no longer be the CFE liaison and is passing the baton to Commissioner Stock at this time.

(8) SET NEXT MEETING DATE, TIME AND PLACE

- | | | |
|------|---|-----------------------------|
| 8.1) | Regular Meeting &
Annual Meeting | 2:00 p.m., January 11, 2022 |
| 8.2) | Greentree Dev Corporation
Annual Meeting | 2:00 p.m., January 11, 2022 |
| 8.3) | SPECIAL Meeting | as needed |

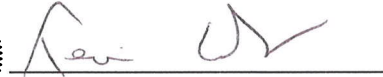
(9) ADJOURN

Commissioner Gulstad made a motion to adjourn at 11:49 a.m. Commissioner Stock seconded the motion. Unanimous voice vote followed. Motion carried.



Chair





Secretary


Recording Secretary

1/12/22
Date



To: Board of Commissioners
From: Julie Siegert, Housing Director
Date: December 14, 2021
RE: Prior Manor Conversion

Included in your packet are two resolutions relating to the conversion of Prior Manor Apartments. The first provides for the CDA to authorize and approve the execution of agreements to facilitate the conversion over time of Prior Manor to Project Based Voucher Assistance. The second provides for our non-profit Greentree Development Corporation to accept the appointment of its role in this transaction. I am recommending that the Board adopt both resolutions.

History of Repositioning

The Department of Housing and Urban Development (HUD) began making various strategies available to allow public housing agencies (PHAs) to reposition their public housing developments to project-based vouchers. The purpose according to HUD's website is to "provide thousands of families across the country with better-maintained units while creating opportunities to leverage public and private resources, easing administration, and preserving affordable housing. Repositioning moves families from a public housing platform to other forms of HUD rental assistance...This change can help PHAs preserve affordable housing units, address rehabilitation and physical needs, and place properties on a more stable financial foundation. The Department's repositioning efforts provide communities with additional flexibilities to better meet local needs and funding options to achieve long-term viability for their affordable housing."

The CDA began exploring repositioning options in 2007, as public housing operating subsidies approved by Congress and provided by HUD were insufficient to operate the program.

Public Housing Operations pre conversion				
Net income/(Net loss)				
	Number of PH Units	Operating Subsidy Pro- ration	Operating Subsidy Received	Net Income /(Net Loss)
2005	160	88.80%	\$379,146	(\$57,966)
2006	161	81%	\$306,064	(\$246,474)
2007	147	83.40%	\$448,740	(\$96,737)
2008	147	88.96%	\$471,251	(\$140,816)
2009	147	88%	\$442,531	(\$288,681)



The CDA's repositioning has occurred over several years as the statutes and HUD have enabled different repositioning methods. As you can see on the chart below, the results of the conversions have resulted in a more stable portfolio financially over time.

Public Housing Operations post conversion					
Net income/(Net loss)					
	Number of units	PH	PBV (4-1-2010)	RAD (6-1-2014)	Total
2010	PH 94; PBV 53	(\$127,337.00)	\$272,889.00		\$145,552.00
2011	PH 94; PBV 53	(\$36,064.00)	\$306,144.00		\$270,080.00
2012	PH 94; PBV 53	(\$105,110.00)	\$237,113.00		\$132,003.00
2013	PH 94; PBV 53	(\$52,732.00)	\$150,431.00		\$97,699.00
2014	PH 40; PBV 53; RAD 53	\$6,799.00	\$99,041.00	(\$27,990.00)	\$77,850.00
2015	PH 40; PBV 53; RAD 53	\$58,034.00	\$316,798.00	(\$6,668.00)	\$368,164.00
2016	PH 40; PBV 53; RAD 53	\$27,718.00	\$245,425.00	(\$22,988.00)	\$250,155.00
2017	PH 40; PBV 53; RAD 53	(\$31,154.00)	\$96,854.00	\$13,624.00	\$79,324.00
2018	PH 40; PBV 53; RAD 53	(\$54,643)	\$270,520	(\$15,937)	\$199,940
2019	PH 40; PBV 53; RAD 53	(\$72,731)	\$202,087	\$55,576	\$184,932
2020	PH 40; PBV 53; RAD 53	(\$29,574)	\$181,062	\$47,419	\$198,907
		(\$416,794.00)	\$2,378,364.00	\$43,036.00	\$2,004,606.00

Prior Manor

The MN legislature approved bonding specific for public housing properties across the State to address public housing capital rehabilitation needs due to the insufficiency of Federal resources. The CDA secured just over \$440,000 in deferred loans for Prior Manor through this program. The State's requirements for receiving the bond funds, however, have made the conversion of Prior Manor a challenge to say the least.

MN Housing and MN Management and Budget impose a number of requirements related to the receipt of the bond funding. One of the most significant issues we have worked through is a requirement that the CDA continue to own Prior Manor. In the RAD conversion, the CDA transferred ownership of the property to Greentree, to satisfy HUD's requirement that separate entities be listed as the Owner and the PHA on the Housing Assistance Payment (HAP) Contract. Because the state entities would not allow Greentree to be the owner of Prior Manor, the agency agreement was drafted to satisfy all of the parties. The agency agreement gives Greentree the authority to sign as "Owner" of Prior Manor on the HAP contract, satisfying HUD, while the CDA will sign as PHA and retain physical ownership of the property, satisfying the state entities.

The new vouchers the CDA received for the Prior Manor conversion are being funded at \$822.13 per unit, per month (\$394,623) compared to \$312.42 per unit, per month



(\$149,962) under the public housing program. This will be a net increase of \$509.71 per unit, per month (\$244,661) of federal funding annually for Prior Manor.

Closeout of Public Housing program

Once the conversion of Prior Manor is complete, the CDA will close out its public housing program. This means that the CDA will no longer be able to access funding through this program in the future. As of October 1, 1999, HUD established a "Faircloth Limit", which is the maximum number of units for which a PHA can receive public housing capital and operating funds. The CDA's Faircloth Limit is 108. With Prior Manor still in the picture, the CDA has had the authority to develop 68 additional public housing units. However, HUD has not provided additional capital funds for the development of such units. In addition, the operating subsidy for newly developed public housing would be susceptible to the same risk of under-funding over the years that has disadvantaged public housing generally.