1. Call to Order / Approval of the Agenda

Vice-Chair Ahlers called the meeting to order at 6:01 p.m. via Zoom meeting ID 858 9738 9128 as Chair Brown had been having slight difficulty connecting to the meeting.


Members Absent: Zulema Delgado and Richard Olson

Staff Present: Community Development Coordinator, Kim Clausen, and Recording Secretary, Kari Casper

Others Present: Bob Mickelson, ISG; and Todd Nelson

Chair Brown joined the meeting and Clausen made note the Vice-Chair Ahlers would have to leave the meeting early this evening and asked that the meeting begin with 4D. 1116 2nd Street, NW.

D. 1116 1st St NW

At that last meeting Staff was directed to get more specific information on a proposed scope of work for the rehab at 1116 2nd Street NW. Bob Mickelson from ISG met with staff and the Building Official to inspect the house and determine the necessary repairs. A report was prepared and attached to the packet. Chair Brown then opened the matter up for discussion. Clausen made the recommendation that the lot be demoed and put on the market for sale or donate it to Habitat for Humanity. Wood offered several comments or ideas 1) he stated that he thought that we should move forward with obtaining the RFP to going to the bidding process for the job (he did want to make note that the board was not made aware of the condition of the foundation in terms of the underpinning house butt on flagstone and made the suggestion that an engineer could justify if the underpinning could hold the live load of the house. 2) Wood also stated that radon can be in any house and a test should be done. He suggested an interior drain tile system which would cost between $5-6,000 and knew about the furring out of the 2x4 studs to 2x6 to R19 and could use spray foam. He suggested that he would like to see an engineer do a live load determination on the underpinnings. Wood also suggested a builder who would have no liability issues could buy the lot for say $30K and easily put another $100K into it to bring it up to code. Wood also commented that comp homes in the area were selling for an average $165K. Another suggestion Wood had was to possibly donate the house to the fire/police to use as a training exercise. He sent an email to Fire Chief Dienst and thought that if they used it for that purpose, it would then negate the possible $20k in demo costs and then just sell the lot. Clausen responded with her conversation with the City Attorney who told her that there could be a legal way to sell the home; however, the City would have to assume the liability on creating conditions to get the assessment from the engineer and
would need to ensure that it was up to code in the per the purchase agreement. Clausen did have a chance to speak with Chief Dienst who stated that it’s very difficult to use as a fire exercise due to the proximity of the houses nearby. Dienst didn’t rule it out and what they’ve done in the past is use these structures for destruction purposed such as chopping down doors, etc. Clausen commented that this situation would not negate the demo costs. Ahlers stated that in view of the report and from an HRA standpoint, she is nervous to go forward with the rehab. Brown then asked Mickelson what he meant by other expenses and costs for the complete rehab. Brown stated that true numbers wouldn’t be available until the RFP’s come in. Mickelson stated that all interior plaster would need to be demoed, he mentioned project abandonment, hidden stuff, the foundation issue. Mickelson also commented that engineers would be skittish to enter the building due to its current condition, i.e. the floor joyce and the foundation walls. Brown asked Clausen how much the HRA has already spent on the project. Clausen responded with approx. $25-27K so far. Demo would be about another $20K which would make the costs between $45-47K with a possible $20K return on the lot itself. Wood stated that we would not want to sell it as is and have to hand-hold the buyer regarding the underpinned foundation and made the suggestion that someone such as Gene Abbott, the Chief Building Official for the City of Lakeville to come in and get the process started. Ahlers then commented that she’s not opposed to getting additional info from the engineers but is just not comfortable with the rehab.

A motion was then made by Wood and seconded by Kennedy to direct staff to move forward with getting an engineer’s assessment.

ROLL CALL VOTE:

Aye: Ahlers, Kennedy, Speckhals, Wood and Chair Brown.
Nay: None.

Ahlers then existed the meeting at this time.

The next item up for discussion was 230 Central.

A. 230 Central Avenue Financing Request

The matter before us was tabled until this meeting from the last to gather more information on the project. A bit of background: in December, 2019 HRA approved funding for nine (9) units and City Council approved only eight (8) units and felt that the other unit should be utilized as a laundry and storage area. The calculation was based on $30,000 per unit which brought the request to $270,000 with the nine (9) units. There were conditions as well that 4 of the units we set up for income based rent for a period of the duration of the loan that was structured. Staff was asking the Board to determine what, if any, changes should be made to the previous financing agreement for the development of new residential units at 230 Central Avenue. Clausen stated that in Ahlers absence, her suggestion would be to reduce the funding to a total of $240,000. Brown opened the matter up for discussion and the board felt the reduction of the $30,000 was fair based on the previous calculations.

A motion was made by Speckhals and seconded by Kennedy to approve the reduce the original funding request of $270,000 down to $240,000, with $180,000 as a 10-year
deferred loan, and $67,500 as a five-year installment loan at a 3% interest rate. This funding was contingent on two 2-bedroom and two 3-bedroom units being affordable to families at or below 50% the median income with rents at or below the current year fair market rents as established by HUD.

ROLL CALL VOTE:

Aye: Kennedy, Speckhals, Wood and Chair Brown.
Nay: None.

Chair Brown then went on to continue with the original agenda

2. Minutes


A motion was made by Wood and seconded by Speckhals to approve the May 11, 2020 regular meeting minutes as presented.

ROLL CALL VOTE:

Aye: Kennedy, Speckhals, Wood and Chair Brown.
Nay: None.

3. Program Reports

A. Mobile Home Buyout Program

One mobile home buyout application has been approved for demolition in Evergreen Estates.

A motion was made by Speckhals and seconded by Kennedy to receive and file the report as submitted.

ROLL CALL VOTE:

Aye: Kennedy, Speckhals, Wood and Chair Brown.
Nay: None.

B. Mobile Home Heat Tape Program

No activity to report.

C. Corridor Rehab Loan Program.

No activity to report

D. Monthly Loan Status Report

Loan status reports for 245, 246 and 247 were reviewed. Clausen reported that it's the
same three and no action can be taken until someone attempts to sell their home.

A Revenue Recapture payment was received for the Anderson account for $309.63, leaving her with a balance of $1,189.91. Clausen also stated that another name had popped up for recapture.

A motion was made by Kennedy and seconded by Wood to receive and file the report as submitted.

ROLL CALL VOTE:

Aye: Kennedy, Speckhals, Wood and Chair Brown.
Nay: None.

E. Mobile Home Down Payment Assistance Program

No activity to report.

4. Property Reports – Kim Clausen, Community Development Coordinator presented the reports.

A. Robinwood Manor

April, 2020 Program Report
April’s occupancy was at 98% The largest expenses during the month of April were elevator repair for $914, unit turnover expenses of $2,384.78 and audit expenses of $7,450. Annual recerts were done on all 50 residents by May 31st. There was a rent comp study down and the rental increases will start on July 1; multi-housing makes up for the increases though OCAF. Clausen reported that staff is slowly increasing hours on site. The community room is still not open due to population being vulnerable. Residents go outside.

A motion was made by Kennedy and seconded by Speckhals to approve and file as presented.

ROLL CALL VOTE:

Aye: Kennedy, Speckhals, Wood and Chair Brown.
Nay: None.

B. Public Housing

April, 2020 Program Report
April’s occupancy was at 100% The largest include $3,798.27 for unit turnovers and property tax assessments for $1,520. There has not been much project activity; however, staff did distribute information to the residents regarding COVID-19.

A motion was made by Kennedy and seconded by Speckhals to receive and file the program report as presented.
ROLL CALL VOTE:

Aye: Kennedy, Speckhals, Wood and Chair Brown.
Nay: None.

C. Scattered Sites Rental Housing

April, 2020 Program Report
April’s occupancy was at 100%. Major expenses include the first half property tax payment of $818. No unusual activity to report.

A motion was made by Speckhals and seconded by Wood to approve and file as presented.

ROLL CALL VOTE:

Aye: Kennedy, Speckhals, Wood and Chair Brown.
Nay: None.

One item for discussion was left.

B. 306/310 Central Avenue – Subordination Request

Staff is seeking direction on how to proceed with the request. Both the HRA and EDA intended their loans to be forgiven and therefore were not expecting to get repaid. Wood stated that given the COVID-19 shutdown, he felt good about approving this.

A motion was made by Wood and seconded by Kennedy direct the HRA to subordinate its lien position their deferred loan to 306 Central Avenue to a shared 3rd position with the EDA.

ROLL CALL VOTE:

Aye: Kennedy, Speckhals, Wood and Chair Brown.
Nay: None.

6. Adjourn

A motion was made by Wood and seconded by Kennedy to adjourn the meeting at 6:58 p.m.

ROLL CALL VOTE:

Aye: Kennedy, Speckhals, Wood and Chair Brown.
Nay: None.

Narren Brown, President
Loni Ahlers, Vice Chairperson/Secretary