

Minutes of the August 27, 2014 Brainerd HRA Board Meeting

The August meeting of the Board of Commissioners of the Housing and Redevelopment Authority (HRA) in and for the City of Brainerd, Minnesota was held at 1:00 p.m., Wednesday, August 27, 2014, at the Brainerd HRA Administrative Office, 324 East River Road, in Brainerd, Minnesota.

1. **Call to Order:** Chair Parks called the meeting to order at 12:59 p.m.
2. **Roll Call:** Present at the meeting was Commissioners Burnett, Parks, Fargo, Steffenson, and Nesheim. Absent was Commissioner Larson. Also present were Director Jennifer Bergman and Finance/Administrative Assistant Roberta Piekarski.

3. **Reading and Approval of Minutes from the Previous Meeting:**

Commissioner Burnett made a motion to approve the minutes for the July 23, 2014 meeting. Commissioner Fargo seconded the motion. All Commissioners voted in favor of the motion and none were opposed. The minutes were approved.

4. **Bills and Communications:**

- a. **Financial Report:**

Tax Exemption: Staff was made aware of a process of claiming a sales tax refund from the Minnesota Department of Revenue for sales tax paid on materials that were installed in our Public Housing units. The refund on taxes paid is limited to going back three and a half years. Only two claims can be submitted in any given year and staff was able to complete the first refund for the 2014 calendar year. A claim was submitted in August for \$5,164.33 for the time period of January 2011 to October 2012. Staff mailed letters to contractors to obtain affidavits stating the amount of sales tax paid on materials as contractors do not break out sales tax.

Staff will continue to work forward and complete refund for November 2012 to present time and is working on implementing a process to streamline going forward. However effective January 2014 with recent tax law changes, the HRA being a component of the City of Brainerd can claim sales tax exemption for any purchases made up front thru the new local government exemption. Claims will still need to be submitted for work done by contractors as they cannot purchase materials exempt on behalf of the HRA.

Staff will also be researching and applying in the future to get Brainerd South Housing Group sales tax exempt since the HRA does not own the property it does not qualify under the local government exemption. We are unable to start the process of getting a refund for that property until tax exempt status is approved by the Department of Revenue.

CIP: In July payments were processed for 24 refrigerators at the North Star and scattered site locations in the amount of \$12,992 as well as seven front load washers at the North Star for \$12,004 utilizing the CIP grant funds.

b. HCV Report:

The HCV Program has received Renewal Funding Set-Aside for 2014 in the amount of \$24,321 this funding was received for a significant increase in costs due to portability. HUD released proposed Fair Market Rents (FMR) effective October 1st. HUD will require a payment standard for a three bedroom to be within 90-110 percent of FMR. At our current rate we are at 92 percent. This will cause FMR to go to \$1,096 and our voucher payment standard for a three bedroom to go from \$968 to \$999.

c. Public Housing Report:

Staff also reported that currently Brainerd South is 100 percent occupied as of August 1st. Staff has had trouble filling these units because the applications received are from very low income persons and with the Section 8 waiting being closed it was difficult because the applicants were not able to afford basic rent. The two vacancies in July were filled by voucher recipients. Public Housing is also in the process of updating our five year and annual plans.

d. Executive Director Report:

Diana's Resignation: Diana notified the agency on August 6th that she was unable to return to work full time and as a result submitted her resignation effective August 29th. Jennifer also mentioned that she was made aware that Marilynn intended to retire at the end of 2014. Jennifer will be meeting with staff in the upcoming week to get ideas if it is possible to change Diana's position and to find out if this is an opportunity to reorganize the structure of the agency and what this position should entail. The intent is that this position may become a special projects type of position instead of an Assistant Director position. The Board agreed and urged staff to take a thorough look at the position and take the time to identify the needs of the agency and find the right fit for this position.

Comprehensive Housing Needs Analysis: A second draft of the housing study was received on August 1st. Jennifer reported there are still some things that need to be fixed on it by Maxfield. The Board commented that there is not anything mentioned in the study about trails and public transportation. Jennifer will mention that when submitting the corrections for the final review. All comments and suggestions will be submitted to Maxfield and the intent is to have a presentation in mid-September. A poll will be sent out to our partners in the study to determine the best date for the presentation.

Update to the City Council: Jennifer will be attending the September 2nd City Council to give an update on the HRA and to make a formal request for the HRA's Levy. The Board stressed to inform the City Council the demand for affordable housing due to changes in economy in recent years as well as noting that the properties do generate tax revenue which is calculated thru a Payment in Lieu of Taxes (PILOT) calculation. Jennifer will also be presenting information and photos of residential and commercial properties that have gone thru the various rehab programs and grants administered by the Brainerd HRA.

The Board also expressed concern that cleaning in the common areas in the North Star has not been as frequent as it has been in the past. Jennifer responded and said the reason for this is because this year is a PHAS scoring year with HUD and the priority of staff is to get units turned and rented out as soon as possible. The Board recommended that staff contact a cleaning contractor to do regular janitorial services in common areas for the short term.

5. **Reports of Committees:** None to report

6. **Unfinished Business:** None to report

7. **New Business:**

a. Consider RFP for Green Physical Needs Assessment:

The legislature appropriated \$20 million for a public housing rehabilitation program. The Public Owned Housing Program (POHP) Grant will provide a zero percent interest, 20 year deferred loan to HRA's for capital improvement to public housing. Once the loan matures, if the property remains public housing, then the loan would be forgiven. Minnesota Housing requires each applicant to have a Physical Needs Assessment (PNA) conducted by a third party to identify physical needs of the housing properties.

HUD has an interim rule on obtaining a Green Physical Needs Assessment (GPNA). This rule has not become final and we are not clear when it may become final. If staff obtains a PNA before the ruling becomes final then a whole new GPNA would have to be completed which we would then have to pay for both. Jennifer is suggesting we go ahead with the GPNA based on the ruling that it may be required when an application is submitted. We are uncertain at this time how much the GPNA will cost. The RFP has been prepared for both Brainerd & Crosby HRA and the deadline for proposals is September 11th and awarding the contract by September 18th.

The POHP application is due on November 5th, so there is a short time to get the GPNA completed and included on the application. A special Board Meeting will be called the week of September 15th to review the applications. The POHP application will request funds to replace the North Star elevators, along with kitchen remodels and window replacements at Valley Trail and scattered site locations. Jennifer may also call upon John Luce to contract on the project if funded.

Commissioner Nesheim moved to authorize Executive Director Bergman to submit RFP's for GNPA assessment bids to be funded through Public Housing funds. Commissioner Steffenson seconded the motion. All Commissioners voted in favor and none opposed. The motion passed.

b. Authorize MDH Lead Grant Agreement:

Minnesota Department of Health contacted use regarding a small amount of funds that became available for the Lead Grant Program. As a result, we applied for and we were awarded \$6,365 to be used in conjunction with the Small Cities Development Program Grant for Southeast Brainerd.

Commissioner Nesheim motioned to authorize the Chair and Executive Director to execute the Grant Agreement with the Minnesota Department of Health for the Lead Grant. Commissioner Burnett seconded the motion. All Commissioners voted in favor and none opposed. The motion passed.

8. Adjournment:

Commissioner Fargo made a motion to adjourn the meeting. Commissioner Steffenson seconded the motion and the meeting was adjourned at 2:28 pm.