

**HOUSING & REDEVELOPMENT AUTHORITY OF CLAY COUNTY**  
**Regular Meeting of July 20, 2021**

**MEMBERS PRESENT:**

Les Bakke, Tia Braseth, Anthony Dillard, Cecil Johnson, Kim Schlotfeldt and Mike Martin via Zoom.

**MEMBERS ABSENT:**

None

**STAFF PRESENT:**

Dara Lee and Sheila Laney.

**9:30 A.M. REGULAR MEETING CALLED TO ORDER:**

**OATH OF OFFICE:**

*The Oath of Office was administered to our new commissioners; Commissioner Dillard and Commissioner Schlotfeldt.*

**AGENDA:**

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

**MINUTES FROM JUNE 15, 2021 REGULAR MEETING:**

*A motion was made by Commissioner Dillard to approve the June 15, 2021 regular meeting minutes. Commissioner Schlotfeldt seconded the motion and it carried unanimously.*

**CITIZENS TO BE HEARD:**

None

**TREASURER'S REPORT:**

Treasurer Martin discussed the Budget Reviews through May and believes the agency is tracking well overall. Houge Estates and Boyer Apartments are problematic due to high vacancy and turnover costs. Housing Choice Voucher is doing fine. HUD just dispersed less in HAP funds to us in May since we had high reserves at the end of 2020. They typically make the funding adjustments in May and June. The funds are held by HUD and still available to use to spend.

*Commissioner Bakke made a motion to approve the Treasurer's Report. The motion was seconded by Commissioner Dillard and carried unanimously.*

## **GENERAL OVERVIEW:**

This comparison information was recently provided to staff regarding operations on March 1, 2020, versus July 1, 2021, to look at how the HRA has weathered the pandemic.

- Number of staff – 24 or 21.54 FTEs on 3/1/2020 to 26 or 23.74 FTEs on 7/1/2021. Four people departed and six people were hired. We are currently advertising for a part-time cleaning person. There were 3 interns/temporary employees who worked from December through March. There are a combined 21 workstations in main office, Houge Estates (4), Gateway Gardens (2), and Prairie Horizons Townhomes (1) offices for 22 office employees. There are 4 maintenance only staff who utilize and office in the Houge garage.
- Number of vacant units – 15 on 3/1/2020 and 10 on 7/1/2021 (plus 8 at FC that we are not trying to fill). Overall, 161 were occupied in March 2020 and 158 were occupied on July 1 which is a decrease of 3 total.
- Number of rental assistance units leased– 687 on 3/1/2020 and 933 on 7/1/2021 which is an increase of 246 units (+194 Housing Choice Voucher; +38 Homeless to Housed; +10 Housing Supports; +6 Homework Starts with Home, and -2 HRA Cares). Number of units available increased by 144 for HCV and some for HSWH. In February 2020, we hired one additional staff anticipating this increase and have now added another Rental Assistance Specialist. It is likely we will need to add one additional staff person to perform inspections when they resume in January.
- DHS GROWTH grant increase from 0.53 FTE on 3/1/2020 to 1.05 on 7/1/2021.
- New Housing Stabilization Services program with 43 consults completed and 20 on-going clients.
- Secured over \$8 Million in funding for Fieldcrest Townhomes rehab.
- Applied to DEED on behalf of Dilworth for over \$900,000 in single family home and commercial building rehab Small Cities Development Program DEED funding.
- Ended the Rental Rehabilitation Deferred Loan program. The USDA Housing Preservation Grant program ends in September.

## **PROJECT UPDATES:**

Director Lee provided project updates.

### **Houge Estates**

Houge Estates is a 60-unit apartment building located in Dilworth. All the units are one-bedrooms (about 650 sq. ft.), and residents must have a disabling condition or be age 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 since at that time, HUD was not certain that HRAs could own Project-Based Section 8 New Construction buildings. It was later clarified that HRAs are eligible owners. The HRA has managed the EHC and Houge Estates since their inceptions.

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 3<sup>rd</sup> 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.

As of July 1, there are seven vacant units. There will be one additional opening on July 31 and two on August 21. On June 28, letters were sent to 20 of the 74 households on the waiting list for the openings. The waiting list is currently open.

A Housing Success Specialist and a Service Coordinator each do portions of the Houge Estates Service Coordinator role. Two Housing Success Specialists, a Homeless Programs Assistant, and the Service Coordinator are officed at this location.

### **Agassiz Apartments**

Agassiz Apartments is a 12-unit apartment building located in Ulen. 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 age 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.

As of July 1, there are no vacant units and no known upcoming move-outs. There are 31 applicants on the waiting list.

### **Clay County Affordable Housing, LLC**

The Clay County Affordable Housing units are in Dilworth, Ulen, and Hawley. They are composed of 12 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 3 are four-bedrooms.

They were operated by the HRA as Public Housing units from the time they were built 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 HRA is in the process of closing out its public housing program with HUD now that all activities have been audited.

There is no outstanding debt on these buildings.

As of July 1, we have one vacant unit in Hawley which is re-rented for August 1. There may be an opening at the end of July.

There is no specific subsidy tied to these units. Residents of these units receive a preference for a Housing Choice Voucher if they are eligible for a 3 or 4-bedroom voucher.

### **Boyer Apartments**

The HRA purchased Boyer Apartments in 2006. The HRA received over \$100,000 in funding from the local adult mental health initiative to assist with the initial purchase and operations. Boyer Apartments are in south Moorhead and are two adjacent 4-plexes which were built in 1975 and 1976. One building consists of all 2-bedrooms and the other has 3 2-bedrooms and one 1-bedroom unit. The buildings were rehabilitated in 2008 with HOME funding. There is no outstanding debt on these buildings (except internally).

As of July 1, there are two vacant units. One was filled on July 5 and other is re-rented for August 1. There are 8 households on the waiting list.

There is no specific subsidy tied to these units. Residents of Boyer Apartments 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 when it exercised a Right of First Refusal when the prior owner decided to sell the development. It was in very 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 20 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 has been approved for \$1M in funding through the FHLB of Des Moines and over \$7M from Minnesota Housing. Our goal is to have all closing documents submitted to Minnesota Housing by July with an anticipated November/December closing. At the time of closing, the HRA will “sell” the development to the Fieldcrest Townhomes LLC. The LLC is a non-profit LLC with the HRA as its sole member. The sales price will pay off the existing mortgage and specials. The HRA also will receive 50% of its developer fee at that time.

The bid opening has been delayed until July 29 due to no bidders being able/willing to submit bids by the July 20 deadline. It is anticipated that by delaying the opening there will be at least 4 entities bidding the project.

*Update: Commissioner Braseth volunteered to review the contractor bids with the HRA Director if she is available, on July 29 at 2:00 p.m. All other commissioners are welcome to participate. Commissioner Braseth was unable to attend due to a prior commitment but Commissioner Martin attended.*

***A motion was made by Commissioner Bakke giving the Director approval to accept the lowest bid submitted for the Fieldcrest renovations as long as one commissioner is in agreement. Commissioner Braseth seconded the motion and it carried unanimously.***

The City of Moorhead previously recommended \$110,000 in funding for sidewalk repairs and Wi-Fi installation at the development using CDBG funding. However, there is not sufficient cash revenue for the city to start these projects now. Improvements will occur as funding allows. Director Lee has reached out to the City of Moorhead about the possibility of using ARPA funds for these and other activities related to the development. She informed city staff that the HRA would be back in touch after the bids are received.

As of July 1, there are 8 vacant units (four 2-bedrooms and four 3-bedrooms). A tenant will move out of another 3-bedroom unit at the end of July. We will keep all 4 two-bedroom and 4 three-bedroom units vacant. An application is being processed for the upcoming opening. There are 98 households on the waiting list which is now closed.

### **Gateway Gardens**

Gateway Gardens is a 24-unit permanent supportive housing apartment building in Moorhead. 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 5 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.

Two HRA staff are officed at Gateway Gardens. CCRI and GSSC, a private security company, each provide 12 hours of staffing per day. CCRI case management staff is in the process of transitioning to Housing Stabilization Services through Medical Assistance.

As of July 1, there were no vacant units. A tenant passed away on July 11. The vacancy will be filled through the coordinated entry system.

### **Housing Choice Vouchers**

The HRA has administered a form of the current Housing Choice Voucher program since 1976. 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. The HRA may lease up to its baseline number of units but not more than that number each year. The HRA has received insufficient funding to lease all its vouchers since 2012.

This program has more than doubled in size since 2017. In June 2017, the HRA had 360 vouchers and on July 1, 2021, it has 744 vouchers. The reason for the increase is as follows: 1) in July 2017, the Moorhead Public Housing Agency transferred its 95-unit program to the HRA; 2) from 2018-2021 the HRA was awarded 177 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 and in 2021 25 VASH vouchers; 5) in 2020 the HRA received 3 (2 have now been rescinded) and in 2021 1 Foster Youth to Independence vouchers; and 6) on July 1, the HRA received 15 Emergency Housing Vouchers and 30 vouchers due to Moorhead PHAs repositioning of 30 of its Public Housing units.

As of July 1, 2021, there are a total of 654 households of a possible 744 leased from the HRA 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; 177 under our Mainstream HCV contract; and 15 under our HCV Emergency Housing Voucher (EHV) contract.

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.

There are 80 households remaining on our waiting list that have not been contacted to issue a voucher. The waiting list remains closed to the general public except those age 75 or older.

Of the current 552 vouchers under our main contract, 500 vouchers are currently leased: 440 out of 455 regular vouchers; 49 out of 54 Tenant Protection Vouchers; 1 out of 2 FYI vouchers; and 15 out of 40 VASH vouchers. We have issued 7 regular vouchers; 1 TPV; and 11 VASH vouchers. 5 of the 11 VASH are referrals from the Bemidji area. We are working with one more person to issue an FYI voucher.

154 out of 177 Mainstream vouchers are under lease. We have issued 17 Mainstream vouchers and are working with 3 additional households. 149 of these vouchers have been made available to us by HUD in the past year.

We have sent out letters to 15 households for the EHV program. 9 are ready to be issued a voucher; 3 are gathering information; and 3 have not responded.

We have 36 individuals enrolled in our Family Self-Sufficiency program. We have had 45 FSS participants in the past 12 months. Staff is working with an additional 6 households to enroll them in the program. We can serve up to 50 households on the FSS program under our current Action Plan.

### **Prairie Horizons Townhomes**

Prairie Horizons Townhomes are 8 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 8 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 Easten Townhomes – south units. There are 4 one-bedroom and 4-bedroom units. The HRA owns 0.01% as a Special Limited Partner in the Easten 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 30 units in this development located in north Moorhead. The HRA has project-based 8 Housing Choice Vouchers in the 8 south units and an additional 8 in the 30 north units. Support services are funded through the HRA Cares program.

Both an HRA and a CCRI staff person are officed at the site and provide supports to both Prairie Horizons Townhomes developments and other HRA Cares scattered-site participants. Both support services providers also have been providing DHS Housing Stabilization Services to the participants.

As of July 1, there are no vacant units at EPHT. There may be a vacancy at the end of July. There is one vacant 3-bedroom in the Easten units which is in the process of being filled.

### **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 rental assistance or supportive services. We provide supports at the two Prairie Horizons Townhomes developments and in 48 scattered-site units. HRA Cares also provides rental assistance in the 48 scattered-site units. We are authorized to serve 64 households with these funds. The HRA administers the rental assistance and administers the program. We contract with CCRI for one additional full-time case manager. HRA staff also supervise and provide support services.

We are currently serving 58 households. Of the 58, 15 are at Prairie Horizons Townhomes; 2 are at Bright Sky Apartments; and 42 are in scattered-site units in Clay, Otter Tail, and Douglas Counties, and in Fargo. There are 29 singles and 30 families being served. Two households are searching for units.

We only are accepting applications through the Coordinated Access, Referral, Entry and Stabilization System (CARES). Those with the highest priority who meet the eligibility criteria will be accepted.

### **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 receiving a Housing Choice Voucher. It operates similarly to the HCV program.

The grant was initially funded in 2008 to serve 45 households. It has been renewed every 2 years since that time. Our current grant ends on 9/30/2021. We submitted a renewal application request for funding to serve 75 households in the upcoming grant cycle. We should be notified of funding by the end of July.

We are serving 71 of our authorized 70 households. One more household is searching for a unit. We are over leased due to being under leased during the first portion of the grant term. There are 25 singles and 46 families currently being served. The grant targets families and youth-headed households. Leased households are from Clay, Wilkin, Traverse, Grant, and Douglas Counties.

The coordinated entry system shifted its priority during the Covid-19 emergency to households residing outside or in shelters.



### **Homework Starts with Home**

Homework Starts with Home is a relatively new program offered by Minnesota Housing. In 2014, the HRA was one of 3 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 has been funded in each of the two rounds of competitive funding. It is the only agency that has been funded in each round. Throughout this time, the HRA has been the lead agency in a partnership all 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 45 partner agencies including 14 school districts across 7 counties. The round 3 application was released in June and is due August 10. We continue to operate 2 MHFA Homework Starts with Home programs, one which includes philanthropic funding. After May payments were made, we have expended all HSWH Round 1 rental assistance and the 14 remaining participants were transferred to Round 2 funding. Five of these exited the program on June 30.

As of July 1, 46 are leased; and 17 households are searching for units. Households are from Clay, Douglas, Wadena, and Otter Tail Counties.

The current grant term runs from 8/1/2020-9/30/2023. We are anticipated to serve a total of 72 households during that time.

### **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. 19 of the 24 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 July 1, a total of 138 households are being served by the Housing Supports program in Clay County. There are 118 households leased in the scattered-site Housing Supports program – 10 with the HRA; 30 with CAPLP; 7 with the Presentation Partners in Housing; 11 with LMHC; 11 with Dorothy Day/Churches United; 8 with Metro Behavioral Health; 3 with the Lotus Center; and 36 with Summit Guidance. In addition, CCRI serves 20 Housing Supports clients at Gateway Gardens and 4 in scattered-site locations.

24 additional households are searching for units. DHS continues to change how the implementation of Housing Stabilization Services will impact Housing Supports.

### **Minnesota DHS Community Infrastructure Grant**

The Community Living Infrastructure Grant was a new grant program that 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 up the necessary infrastructure so that individuals with disabilities can live fully integrated lives in the communities of their choice. The grant funds outreach workers, housing resource specialists, and administration. The original grant covered all 10 counties in West Central Minnesota. Mahubet-Otwa has chosen to remain a partner but not be a sub-recipient for the grant that began 7/1/2021.

The HRA now has a 1.0 FTE Housing Resource Specialist (increase of 0.5 FTE) and a 0.05 project manager (increase of 0.02). There are 2 FTE outreach workers funded and employed by the CAP agencies - CAPLP (1.15 FTE) and WCMCA (.85 FTE).

The new grant also includes a full-time eligibility worker for Clay County Social Services. This funding should assist the county in reducing its caseloads.

### **Minnesota DHS Housing Stabilization Services**

Housing Stabilization Services are a new 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. Six staff are currently trained on one or more Housing Stabilization Services roles.

Staff began Housing Consultations in 2020. To date, we have 43 approved consults. We have 2 staff members providing consultations. We have begun billing for transition and sustaining services. We have 20 approved clients. We have four staff members who will provide billable Transition & Sustaining Services under the HSS program as a part of their job. The participant eligibility/billing approval has been an extremely slow process state-wide. Challenges continue to be worked on with the state.

DHS changed its interpretation regarding how Housing Stabilization Services will impact Housing Supports. Due to the on-going complexities with Housing Stabilization Services, DHS has determined that not as many people as previously anticipated will be eligible for the new benefit. Only those eligible for the new benefit will receive a cut to their Housing Supports Supplemental Services rate. The rate cut is effective 7/1/2021.

We are unsure of the total number of people who have been impacted by this change. The Department of Human Services has indicated that it will cross check its information but that there may be payment delays for the July services.

### **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 (SCPD). 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 SCPD 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 and the City of Sabin in 2016. The HRA has a current application pending for the City of Sabin. The HRA has utilized HRA Tax Levy funds in 2010, 2014, 2019, and 2020 to leverage these rehabilitation resources.

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

#### Sabin

DEED awarded the City of Sabin SCPD funds to rehabilitate 10 homes. Seven projects are complete; and one is in construction. Three new applications have been received. The first two applicants who provided their eligibility information had their projects bid. There are insufficient remaining funds to fully complete both projects using only DEED funds. The HRA had pledged prior levy funding to supplement the DEED funding at the time we submitted the application. It is anticipated that \$10,000-\$15,000 in HRA Levy funds will be needed.

#### Other DEED- CDBG

The HRA staff applied to DEED for funding on behalf of the City of Dilworth for 2021 CDBG funding through the Small Cities Development Program. We received letters of interest from 67 homeowners and 9 commercial properties. We applied for \$922,000 on behalf of Dilworth to rehabilitate 21 owner-occupied homes and 7 businesses. Funding announcements should be made in July.

The HRA is administering some repaid DEED funds for Barnesville and are billing them for all costs incurred in administering those funds. We are currently working with one commercial property owner on a roofing project. Bids have been returned and a loan closing is being scheduled.

#### RLP (Minnesota Housing Rehabilitation Loan Program)

The Minnesota Housing Rehabilitation Loan Program is funded by the state. Funds are appropriated during each budget cycle. Local administrators work with homeowners to receive funding to rehabilitate their homes.

Homeowners must be extremely or very low income to qualify for these funds. These funds can be used in conjunction with DEED SCDP and USDA HPG funds. In June, the legislature increased the loan limit from \$27,000 to \$37,500 per project. The funding is in the form of deferred loans that are forgiven after 15 years if the household continues to reside in the home.

The HRA administered the RLP program in the 1980's and early 1990's. It applied to be an administrator and started administering the funds again in 2012.

Two projects were completed in May; one is out for bids; and five applications are being processed.

HPG (USDA Rural Development Housing Preservation Grant)

The HRA received a Rural Development Housing Preservation Grant (HPG) in 2018. All funds are committed at this time. We received a one-year extension so funds must be spent by 9/28/2021. This is the third USDA HPG application that was funded. The grants are less than \$100,000 and have been used as match for rural DEED SCPD projects. Dilworth is not in the USDA eligibility area, so we do not have a current grant pending.

**CHANGES TO HOUSING CHOICE VOUCHER PREFERENCES:**

The Current Housing Choice Voucher Administrative Plan Local Preference with the proposed change was available at the meeting. The change is to include a preference for people approved to live in the former public housing units owned by the Moorhead Public Housing Agency.

The HRA received 30 tenant protection vouchers on July 1, 2021, due to the Moorhead PHA disposition of these public housing units. The HRA agreed to make this change in its preferences as part of the discussions leading up to the disposition.

*Commissioner Bakke made a motion to approve the recommended change to the Housing Choice Voucher Administrative Plan local preferences. Commissioner Dillard seconded the motion and it carried unanimously.*

**MODIFICATIONS TO OFFICE HOURS AND PERSONNEL POLICIES:**

On July 12, 2021, at the HRA all staff meeting, employees discussed areas that were going well, needed improvement, should be increased, and should be decreased.

A common theme was that the additional flexibility and the limited office hours were both going extremely well.

As a result, Director Lee is recommending that the HRA temporarily modify Section 5 – Hours of Work and Attendance of its Personnel Policy by extending Section 5.B.4. “summer hours” until December 31, 2021, instead of ending on Labor Day. At the December board meeting, Director Lee would make a recommendation regarding whether the policy should be permanently amended.

Under the current “summer hours” provision, staff have the option of working up to 10-hour days Monday through Thursday except for 2 staff who work the Friday of the week. Director Lee recommends it be changed to 3 staff working each Friday and that staff who choose to work 10-hour days be required to take a ½ hour unpaid lunch break and two separate 15-minute breaks.

In addition, Director Lee recommends that the main HRA office be open to the public without an appointment from 10 a.m.-2 p.m. on Wednesdays; beginning August 3, also be open from 12:00 p.m.-5:30 p.m. on Tuesdays; and beginning September 9 also be open from 7 a.m. – 1:00 p.m. on Thursdays. With some staff working extended days, the HRA will be able to be open both earlier and later during the week that it has been in the past.

The Board discussed the modification recommended and the additional flexibility it would give staff. The Board will hear the Director’s recommendation at the December meeting before deciding whether to permanently amend the policy.

***Commissioner Dillard made a motion to temporarily approve modifying the HRA Personnel Policy Hours of Work and Attendance. The motion was seconded by Commissioner Schlotfeldt and carried unanimously.***

#### **AMERICAN RESCUE PLAN ACT AND HRA LEVY:**

Attached is the request that Director Lee presented to the Clay County CARES/ARPA committee on July 19. If the plan is approved, it will impact whether the HRA needs to levy and request approval of the levy for 2022. Director Lee reported that the presentation was well received and that it is likely the HRA will receive funding for at least 2 of the 4 areas requested. The Clay County CARES/ARPA committee has requested additional information also.

Director Lee will attend the July 27, 2021 Clay County Commission meeting remotely to answer any additional questions on the request. Commissioner Bakke will attend in person along with Kendra Ferencak, Rehabilitation Manager.

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 Board of Commissioners of Clay County to approve such a levy; and requires Local Governments to certify their tax levies to the County Auditor. We would need 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, 2010, 2014, 2019 and 2020. Most neighboring authorities exercise this power on an annual basis. Levy funds can be used for any allowable housing authority activity. In 2019, the HRA levied \$380,000 with \$84,500 going to the MPHA and \$50,000 to CAPLP. It represented an approximate .006% levy. In 2020, the HRA levied \$225,000 with \$50,000 going the MPHA and \$50,000 to CAPLP.

If the HRA decides to adopt a levy for 2022, it must be approved by Barnesville, Moorhead, and the Clay County Commission by September.

**OTHER:**

**Update on Health Insurance:**

Lakes Country Service Cooperative has not provided us with any new information to share.

**Staff Updates:**

Housing Success Specialist, Quinne Meslow, has turned in her resignation and will be done at the end of July.

**Other:**

Commissioner Schlotfeldt mentioned that there will be a speaker on Community Land Trusts at the Moorhead Business Association meeting on July 21 at noon. Anyone interested in learning more about this topic is encouraged to attend.

**10:40 A.M. MEETING ADJOURNED:**

*A motion was made to adjourn the meeting at 10:40 a.m. by Commissioner Braseth. The motion was seconded by Commissioner Schlotfeldt and carried unanimously.*



Tia Braseth, Secretary

8.17.21

Date

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July 12, 2021

Attn: Steve Larson, County Administrator  
CARES/ARPA Committee  
3510 12<sup>th</sup> Ave S  
PO Box 280  
Moorhead, MN 56560

RE: Housing & Redevelopment Authority of Clay County- Request for Funding  
Transfer of Coronavirus State and Local Fiscal Recovery Funds

Dear Mr. Larson and Committee Members:

The American Rescue Plan Act (ARPA) was signed into law on March 11, 2021. One component of ARPA is the Coronavirus State Fiscal Recovery Fund. These funds are to provide supports to governments in responding to the impacts of COVID-19. The legislation and Department of Treasury Interim Rule recognize that “[l]ow-income communities, people of color, and Tribal communities have faced higher rates of infection, hospitalization, and death, as well as higher rates of unemployment and lack of basic necessities like food and housing.”

Through ARPA Clay County has received a direct funding allocation of \$12,474,371. As a special-purpose unit of local government, the Housing & Redevelopment Authority of Clay County (Clay County HRA) is not eligible for a direct allocation but is eligible to receive a transfer of ARPA funds from a local government. The HRA requests that Clay County transfer \$375,000 of its ARPA funding to the HRA to support its on-going response to the pandemic and its impact.

#### Who the HRA Serves.

The HRA currently serves 2613 people living in 1108 households. 1178 (45%) are children. Approximately two-thirds of the households served contain a person who is elderly or disabled. All people served by the HRA are low-income; 55% identify as people of color; and 11% identify as Native American.

The HRA staff has worked diligently throughout the pandemic to bring needed services to those who are most at risk. From March 1, 2020, to July 1, 2021, the HRA increased the number of households it serves by 243 or 29%. These households are people who



were experiencing homelessness and/or contained a disabled family member. Even with the increase, the estimate is that the HRA is only serving 25-35% of the eligible households in Clay County.

#### Why the HRA is making this request.

The HRA has utilized all resources that it had available during the pandemic to help individuals and families stay safe. It used all the \$380,000 and \$225,000 HRA tax levy funds it received in 2019 and 2020 as it attempted to maximize the services available to those most at risk.

Because of pandemic-related economic uncertainty in the summer and fall of 2020, the HRA decided not to levy or request the Clay County Commission consent to the levy for 2021. As a result, fewer resources are available to provide services in 2021. It is the preference of the HRA not to have to request consent to a levy for 2022.

The HRA has seen significant cost increases and revenue decreases due to the pandemic. The eviction moratorium has been in effect throughout the pandemic. Numerous tenants have not paid rent to the HRA for a variety of reasons. The HRA has experienced \$96,000 in losses due to non-payment of rent during this time. As of this date, it has received no relief through RentHelpMN or other resources for this decrease in revenue. Those who owed significant unpaid rent and chose to move-out will not receive assistance through that program.

The HRA funded three on-site vaccination clinics, increased its cleaning regimes, improved ventilation in its office, and shifted to a hybrid work environment. The HRA paid over \$20,000 in COVID-19-related sick and family leave. 20% of the HRA staff was infected with COVID-19 as were several of their family members. The HRA was not reimbursed for these costs and was not eligible for tax credits due to its status as a government entity. At least 6 HRA participants died from COVID-19 and many participants were infected. The HRA received none of the CARES Act local government assistance.

As stated above, the HRA was still able to increase the number of households it serves by 29%. In addition, it increased the quality of services it provides by adding DHS Housing Stabilization Services to support people with disabilities obtain housing and stay housed. The start-up costs for these services exceeds \$75,000. The HRA has worked in cooperation with Clay County Social Services to secure an increase in Housing Resource Specialist services provided by the HRA from 0.5 to 1.0 FTE and to secure a new full-time eligibility worker for Clay County Social Services effective July 1, 2021, through the Department of Human Services Community Living Infrastructure Grant. Clay County has served as the grantee and the HRA as the project manager since 2018. However, the grant does not include funds and the HRA has no funds available to increase its office space. It currently has staff working in hallways, conference rooms, and a former storage area in one of its buildings.



During the pandemic, the HRA applied for new state and federal rental assistance funding to assist the residents of Clay County. The funds primarily serve homeless youth who have exited foster care; homeless families and children; and households with disabled family members. The administrative funds for these programs are insufficient so HRA staffing only has increased by 11% (21.54 FTE to 24 FTEs) to serve an increase of 29% of households and to provide the new services.

Due to these increased costs and decreased revenues, the HRA has used all its existing cash reserves. This spring the HRA Board of Commissioners approved applying for a \$350,000 operating line of credit to ensure that the HRA can meet its financial obligations in a timely fashion and continue providing services to its existing households.

During the pandemic, the HRA also was able to secure over \$8 million in new funding to rehabilitate the Fieldcrest Townhomes in Moorhead. As part of the rehabilitation, the HRA will be adding four office spaces and should receive a developer fee. Bids for the project are due July 20. The HRA is hopeful that the developer fee will negate the need for an HRA tax levy in 2023. If this request for a transfer of ARPA funds is approved, it should negate the need for an HRA levy in 2022.

Eligible uses of ARPA funds under 31 CFR §35.6(b) indicates the funds can be used to respond to the negative economic impacts caused by COVID-19. §35.6(b)(12)(ii) includes in the uses for disproportionately impacted populations and communities programs or services that address housing insecurity, lack of affordable housing, or homelessness. In the FAQ response 2.5., rent, mortgage, utilities, home repairs and weatherization are specifically listed as eligible responses. All the proposed uses requested below fall directly within these categories.

What the funds will be used for, if approved.

- \$96,000 to provide rent forgiveness to tenants and former tenants who owe costs that are not re-imbursed by other resources. Tenants and former tenants face an increased chance of homelessness if these amounts owed to the HRA are not paid. Typically, people are not eligible for other forms of federal rent assistance if they owe an unresolved outstanding balance to an HRA. This use addresses housing insecurity.
- \$100,000 to complete the job of ending youth and family homelessness in Clay County. Since 2014, the HRA has used HRA Tax Levy funds to leverage about \$3.5 million in state and philanthropic funding to end family and youth homelessness in the region. The HRA has been the lead agency in this partnership since 2014. Moorhead Public Schools, CAPLP, Churches United for the Homeless and the HRA were the founding members of this partnership. As of July 2021, there are approximately 50 youth and family households who are homeless and still in need of rental assistance living in Clay County. This use addresses homelessness and housing insecurity.

There are two new funding sources available to complete this task. The first is the third round of Homework Starts with Home (HSWH) through Minnesota Housing. Applications are due August 10, 2021. The HRA is the only entity to be funded in each of the two pilot rounds and in each of the two prior HSWH rounds of funding. The HRA has utilized local funding provided through the HRA Tax Levy to serve as leverage in these applications. The HRA would like to use the ARPA local funding as match to avoid having to request an HRA Tax Levy for 2022.

The second new source of funds will come directly to Clay County because of a new provision in the tax bill. In part, due to the success we have shown through our partnerships with the schools, CAPLP, Churches United, Clay County Social Services, faith organizations and others in Clay County, the state legislature just approved \$20 million per year for 2023-2028 in the tax bill to be allocated directly to counties as Local Homeless Aid Distributions. The purpose of these funds is to prevent and end homelessness for children. If the provision had been in effect in 2021, Clay County would have received \$207,785 for the year. We anticipate that the HRA will no longer need to levy for this purpose once these provisions are in effect in 2023.

- \$80,000 to continue rehabilitation activities in Clay County. During the pandemic, the HRA worked with the City of Dilworth to apply to the Minnesota Department of Employment and Economic Development (DEED) for funding to rehabilitate 21 homes and 7 businesses in Dilworth. The response to the request of interest was overwhelming with 68 homeowners and 9 building owners expressing interest. We anticipate that the Dilworth application will be approved for funding in July 2021 in the amount of approximately \$900,000.

Since 2008, the HRA has used HRA Tax Levy resources as matching funds to assist the low-income homeowners make necessary repairs to their homes. The HRA also uses funds from Minnesota Housing and USDA Rural Development as match. Dilworth residents are not eligible for the USDA Rural Development funding. The DEED funds are expected to cover \$24,850 in rehab costs. The average rehab cost on the current Sabin project is over \$33,000. The HRA anticipates Minnesota Housing funding will be available to about 5-8 of the Dilworth homeowners. This would leave a gap of around \$120,000. The HRA will use funds that have been repaid from earlier rehab projects, but they are insufficient to cover this gap. If ARPA funds are not allocated, the HRA will request these matching funds in an HRA tax levy for 2022. This use is assistance to households with home repairs and weatherization.

- \$99,000 to provide additional outreach and assistance services to local landlords. The pandemic has been extremely challenging to our local landlords. As of June 2021, Policy Link estimated that 11% of Minnesota's renter households are behind on their rent. Landlord business operations have been severely impacted

by the eviction moratorium, tenants' loss of income, increased significant behavioral issues, and the need to provide basic services to their tenants throughout the pandemic.

Of the 1108 households the HRA serves, 933 (84%) of them are served through our rental assistance programs. Participants receiving rental assistance rent a unit in the market, and the HRA helps them to pay their rent. They are still required to pay 30% of their income towards rent and utilities. They also are required to pay any amount of rent that exceeds the HRA payments standards. For a variety of reasons, a number of participants did not pay their portion of the rent to the private landlords. Renters receiving a subsidy were not eligible for the original CARES funding.

Due to the eviction moratorium, the landlords had little to no recourse. Even with the eviction off-ramp, landlords cannot evict for non-payment of rent until June 2022 if a tenant has an application pending with RentHelpMN. Less than 10% of the current applications have been processed by RentHelpMN, and many renters have yet to submit their applications. A number of small owners are facing significant financial challenges.

The HRA proposes to increase its engagement with its over 200 participating landlords to assist them in receiving the payments they are entitled to through RentHelpMN and other resources. The HRA will use these resources to prevent as many evictions as possible. Currently, the HRA estimates that at least 90-100 of its participants are in danger of eviction or non-renewal of their leases. This use of ARPA funds addresses housing instability and counseling to prevent eviction.

The HRA appreciates your consideration of our request for a transfer of ARPA funding. We know that there are many very important competing demands for this funding. We believe that the proposed uses of these funds are precisely the type encouraged and anticipated in the federal Treasury rules. We are interested in working collaboratively to continue to meet the basic needs of our residents who are most impacted by this pandemic.

I will be at your July 19, 2021, meeting to address any questions or concerns you may have. If you have questions or would like more specific data before your meeting, please do not hesitate to contact me at [dlee@claycohra.com](mailto:dlee@claycohra.com) or (218) 233-8883 ext 0.

Sincerely,



Dara A. Lee  
Executive Director