

CLAY COUNTY BOARD OF COMMISSIONERS – WORK GROUP

1:00 PM, TUESDAY, AUGUST 13, 2024

Meeting Room A / B – 3rd Floor – Courthouse

MINUTES

The Clay County Board of Commissioners met in Work Group Session with the following Commissioners present: Paul Krabbenhoft, Jenny Mongeau, Kevin Campbell, and David Ebinger. Others present: County Administrator Stephen Larson, HR Director/Asst. Administrator Darren Brooke, Social Services Director Quinn Jaeger, and Communications Coordinator Jacqueline Finck

The Clay County Housing & Redevelopment Authority (HRA) Commissioners present: Tia Braseth and Bethany Peterson Staff. Other HRA staff present were Executive Director Dara Lee, Deputy Director Dawn Bacon, and Administrative Manager Jill Cossette.

Call to Order

Commissioner Ebinger called the meeting to order at 1:06 p.m.

Citizens to be Heard

There were no citizens to be heard.

Joint Clay County Board of Commissioners and Clay County HRA Commissioners Meeting

Introduction of Committee Members

Clay County HRA Executive Director Dara Lee introduced herself, Clay County HRA Commissioners, and staff.

Clay County HRA Commissioner Tia Braseth and Ms. Lee thanked the Board for assigning Commissioner Krabbenhoft as the Clay County HRA Liaison and stated that his knowledge and perspective is appreciated.

Clay County HRA Project Updates

Ms. Lee discussed the packet information which highlights what the Clay County HRA is responsible for in assisting those that are the most vulnerable in the community. Ms. Lee mentioned that St. Paul is discussing rent control and how sometimes there is consequences to what may be good intentions. Ms. Lee stated that one of those examples were the rent moratorium and how it resulted in very challenging situations for most property management companies, private & public. The Clay County HRA ended up having to evict more people in the past few years than they ever had to in the first 45 years, which is not the mission, but in order to maintain sustainability, we have to be proactive with taking those actions. The Clay County HRA has been more stringent on screening to evict when it comes to

non-payment of rent and have increased security in buildings.

Ms. Lee stated that the Statewide Affordable Housing Aid (SAHA) that was received replaced the roof at the Agassiz property and have increased security at the Agassiz Apartments in Ulen by installing cameras and adding a secured entrance and fixing the security system at Houge Estates in Dilworth. The City of Moorhead was also awarded SAHA funds to increase camera coverage and quality at Gateway Gardens and installing cameras at Fieldcrest Townhomes in south Moorhead which will also be used to view across the street at Prairie Horizon Townhomes. Ms. Lee referenced the graphs in the packet showing the impacts from Covid. The general unrestricted funds have been used to cover the properties when they haven't been able to be revenue generating. The first installment of the 2024 Levy funding came on July 3rd in the approximate amount of \$122,000. The levy funds are what sustains the properties and what makes them able for the Clay County HRA to operate. Ms. Lee referenced the properties that have been struggling, consisting of Houge Estates, Gateway Gardens, and East Prairie Horizons Townhomes, due to Covid and house the elderly and disabled. Most of the properties are returning to financial stability post-pandemic. The Moorhead Public Housing Agency's (PHA) properties are revenue-generating and have helped sustain other programs through the management of that entity. Most of the programs are also in recovery mode as well, post-pandemic. Funds that were appropriated from the Minnesota Legislation in the amount of \$115,600 helped recoup losses at Houge Estates. Approximately \$13,000 to \$14,000 was also lost for a special Housing and Urban Development (HUD) programs for families with children and we do not anticipate being able to recoup funding because it's a program that is funded through the CARES act.

Commissioner Krabbenhoft asked about the progress over the recovery period for Houge Estates and about the evictions. Ms. Lee stated that approximately 15 out of the 60 tenants have been evicted and she believes that is all for now. Ms. Lee also stated that an inspection was recently completed by HUD and received a 96 out of 100. The physical integrity has been able to be maintained. The HRA is currently in the process of leasing the units back up for Houge Estates and by September, the HRA should be fully staffed.

Further discussion ensued regarding Houge Estates, evictions, revenue from the facility, and funding sources.

2025 - Budgetary Discussion

Ms. Lee stated she wanted to give background to how the HRA came up with their budget request for 2025 with the goal to maintain. The average HRA levies 58% of their HRA Tax Levy capacity with 60% HRAs levy more the 50% of their levy capacity. The average impact per household across the state is approximately \$40. The Clay County HRA has discussed levying \$350,000 and the cost per household would approximately \$14. Ms. Lee stated the max levy amount would

be \$1.7 million but the Clay County HRA Board is looking at requesting 21% capacity, which is well below the average. Ms. Lee referenced the packet that lists the planned uses for these funds. The Clay County HRA was a recipient of funding from the State of Minnesota for front desk operations at Gateway Gardens. Approximately 5 years ago, the funding was transferred back to the Department of Human Services for Minnesota Housing. CAPLP also received these funds for different purposes so the HRA collaborated with them to put in a joint application. That application was extended throughout that 5-year period and ended this June 30th, where we were then notified that the grant will not be renewed. From that funding source, \$75,000 was used in order to assist with the front desk operations at Gateway Gardens. The HRA believes it is critical to provide 24/7 staffing due to the fact that this building was designed for those that are the hardest to serve. The facility is also located next to Churches United for the homeless and people frequently try to enter the building who are not residents. Because the front desk is staffed, we are able to deny admission and the only way to get in is to be buzzed in. It was designed this way for the health and safety of the residents, staff and the community as a whole. Another \$75,000 is proposed to be used for owner occupied rehabilitation programs. Without the funding source, the HRA is unable to offer that program. The same thing would apply for the \$100,000 used for ending child homelessness, those would be the amounts you see with Homework Starts with Home and Homeless to Housed. We would hope to use \$13,000 to recoup the losses and the program that is ending. Finally the leverage to support ongoing agency operations and improvements. These funds will help with seeking other resources. We've already been able to leverage over \$1.4 million for the improvements to the Sharp View Apartments which will be a significant rehabilitation and were able to leverage the \$115,600 for Houge Estates. The State has promised us that there will be additional funding opportunities down the road. The Clay County HRA has participated in the design, implementation and coordination with the State on a new rental assistance program that provides approximately \$850,000 per year to the county. Ms. Lee stated that she's personally worked on this at the legislative level, in the design level and state agency to ensure that this program is ongoing and sustainable.

Commissioner Campbell asked about the \$100,000 that is for ongoing support and operations and if that \$15,000 will be used to offset the loss of funding. Ms. Lee clarified that it was the \$100,000 for the ending child homeless. Further discussion ensued regarding funding sources and amounts. Commissioner Campbell stated that the county is now having to pick up for the lack of federal and state funding, which then goes onto the County Levy. Ms. Lee stated that is why we have asked for funds to seek other resources. The HRA does not want this to be an ongoing cost that isn't covered by another resource.

Commissioner Krabbenhoft asked about what are the possibilities for funding sources, what could we potentially see. Ms. Lee stated if the HRA doesn't get out of the hole in 2024, we still want to be able to maintain the buildings and pay staff. If sufficient revenue is not being generated, something has to cover it and those

reserves are gone.

Commissioner Krabbenhoft stated if the money goes away unexpectedly, what are some of the possibilities for the HRA in the next 6 months or year. Ms. Lee stated that there was over \$1 billion appropriated by the legislature in last year's session and very little of it has gotten out the door. Commissioner Mongeau stated that is wild and that she struggles with that because it has been such a talking point but then we're not doing anything with it. We are all here having hard conversations with community members who are requesting money and the state is just sitting on \$1 billion. Commissioner Campbell stated that the work that the HRA does is fantastic but asked who's responsibility is it and through what funding mechanisms. Property taxes is one of the most regressive taxes there is and once all else fails, everyone comes to the county to offset where entities have lost funding. On last night's news, we heard about Churches United pleading for the public to donate in order to get through payroll, not to mention the \$200,000 that is needed for next month. Is Clay County going to be the answer to that? These are hard questions.

Commissioner Ebinger asked what the relationship looks like between the Clay County HRA and Moorhead Public Housing. Ms. Lee stated that it is a complicated relationship. The HRA is currently the manager of the Moorhead PHA just like any owner who would hire a property manager. The Moorhead PHA did transfer over a small rental assistance program, the Becker, Clay, Otter Tail, Wilkin, Adult Mental Health Initiative Rental Assistance Program through the Collaborative to be administered by the HRA as the primary grantee because it was only 20 units and there is no other rental assistance program that is administered by the Moorhead PHA. The Moorhead PHA doesn't have staff except for Dawn Bacon who currently functions as both the Executive Director of the Moorhead PHA and the Deputy Director of the Clay County HRA.

Clay County HRA - 5 Year Plan

Ms. Lee stated in the 5-year planning document, you will see discussion items and if efficiency issues continue to be the case, proceeding to join the agencies but at any step along the way, that can be stopped. It's a 5-year period with the final decision to be made by 2030. Commissioner Ebinger then read Goal 4: Combine with Moorhead Public Housing Agency by 2030 objectives. Commissioner Ebinger then asked what Moorhead is doing. Ms. Lee stated that the fiscal years of each entity is aligned differently and the Clay County HRA is taking over the responsibilities for the administration and so it is an efficiency issue. The proposed transfer is to the benefit of the County. Since they were repositioned in 2021, they have generated over \$400,000 in income and should continue to generate income. The Maple Court Townhomes were developed as a tax credit development and the City of Moorhead owns half of them and the Moorhead PHA owns the other half. They are managed by the Clay County HRA and have always been profitable. The final 2029/2030 transition is public housing and consists of the High Rise and Sharp View Apartment. The goal is to do significant

rehabilitation to both these properties to bring them into excellent condition and then complete HUD repositioning to help generate revenue. As mentioned before, the state has allocated \$1.4 million to renovate Sharp View and we are submitting an application of approximately \$4.8 million to renovate the High Rise. The units in Ulen and Hawley are breaking even but with public housing we have lost money. The goal is to transfer the units to the Clay County HRA once they are sustainable long term.

Commissioner Mongeau asked if the Moorhead PHA Board is the same members of the Clay County HRA Board. Ms. Lee stated that there are two members that are on both of the boards. Commissioner Mongeau then asked which Council Member is on the Moorhead PHA Board. Ms. Bacon stated that it is Council Member Nesemeier. Commissioner Mongeau stated part of the reason for having these meetings twice a year was because Clay County wasn't fully up to speed on how the merge was happening. She stated that she finds it odd that this merge has never been brought up with the City of Moorhead council members. Commissioner Mongeau brought up the concerns as buildings get older will they be sustainable and revenue generating regarding the merging and wishes to sit down with the City of Moorhead to discuss further. Further discussion ensued regarding the transfers and merging with the Moorhead PHA. Ms. Bacon discusses efficiencies she continues to see and there is an integrated coordinated response when it comes to affordable housing in our community. When it comes to applying for federal and state funding, we're doing it in much more of a cohesive way. Ms. Bacon emphasized the benefit for both Moorhead PHA and Clay County HRA and ultimately for our community. The missions and values of the Moorhead PHA and Clay County HRA are closely aligned and doesn't make sense for a city government to manage a housing authority. Commissioner Mongeau asked if the City of Moorhead is the only city that has a housing authority. Ms. Bacon stated there's both city, county, and some are combined.

Ms. Lee stated that the 5-year plan is just a proposal for public comment and it is not a final decision so we are open for any input. Commissioner Ebinger stated he is skeptical on housing being transferred over to Clay County. Being able to use levy dollars to meet needs of inadequate infrastructure is concerning without any guaranteed funding. Commissioner Campbell asked about transferring ownership of the buildings to HUD and Clay County HRA will manage it for them. Ms. Lee understands and that is why the transition would be over a 5-year period. Physical needs studies have been completed on the High Rise and the physical integrity of the building is very good even though it's an old building. Significant improvements have been made in recent years and will continue to. There is an opportunity to make these two buildings (the High Rise and Sharp View Apartments) revenue generating to support other programming within the agencies.

Commissioner Krabbenhoft asked what the source is of the \$4.8 million that the HRA is submitting an application for. Ms. Lee stated that it's from the bonding bill

that was passed with approximately \$86 million specifically for improving public housing stock. The next RFP comes out this winter which the HRA will be applying for.

County Administrator Stephen Larson asked if the City of Moorhead provides any funding. Ms. Bacon state no they don't and never have. Mr. Larson stated that through an RFP process, the Clay County Board of Commissioners awarded the Clay County HRA SAHA funds and asked if the City of Moorhead had an RFP process. Ms. Lee stated that they were awarded SAHA funds from the City of Moorhead that went to properties located in the City of Moorhead that are Clay County HRA owned because of financial sustainability issues. Mr. Larson stated that the County has received \$68,698 SAHA dollars for this year so the Board is aware. The City of Moorhead has received \$114,550. Ms. Lee stated that legislature has expanded the uses for those funds including the support of emergency shelters and the ongoing operations in support of housing are included in that, which they were before. The roofing project that the 2024 SAHA funds are being used for actually came under the estimated budget so those funds could potentially be shifted for the front desk operations at Gateway Gardens. If that's something the would be possible the Clay County HRA would come before the Clay County Board of Commissioners if we were to do that.

A brief discussion occurred regarding the benefits that Clay County carries and assist the Clay County HRA with is starting to become more time consuming and challenging as Clay County and the HRA grow.

Adjourn

The meeting was adjourned at 2:14 p.m.

David Ebinger, Chair
County Board of Commissioners

Stephen Larson, County Administrator