HOUSING & REDEVELOPMENT AUTHORITY MEETING

Monday, July 22, 2024 at 4:00 PM
Council Chambers, City Hall at 540 West Hills Circle
Roll Call: Dotson, Hole, Kropp, Olivo, Osman

1. **HRA Agenda**
   1.1. HRA Agenda - July 22, 2024
2. **Roll Call: Dotson, Fiske, Hole, Olivo, Schultz**
3. **Approval of Minutes**
   3.1. Approval of Meeting Minutes from June 24, 2024
4. **Executive Director's Report**
5. **Old Business**
   5.1. Current Housing Choice Vouchers Updates
   5.2. Current Mainstream Voucher Updates
   5.3. Current Bridges Updates
6. **New Business**
7. **Adjournment**

Regular Meeting

Monday, July 22, 2024

4:00 PM

City Hall/Crandall Small Conference Room 120

Preliminary Agenda

1. Roll Call: Dotson, Fiske, Hole, Olivo, Schultz
2. Approval of Meeting Minutes from June 24, 2024
3. Executive Directors Report:
4. Old Business:
    a. Current Housing Choice Vouchers Updates
    b. Current Mainstream Voucher Updates
    c. Current Bridges Updates
5. New Business
6. Adjourn

Next scheduled meeting is Monday, August 26, 2024.

Please inform Ghassan Madkour as soon as possible whether you will be able to attend at ghassan.madkour@owatonna.gov or 507-774-7318.

MINUTES
OWATONNA HOUSING AND REDEVELOPMENT AUTHORITY
REGULAR MEETING on JUNE 24, 2024

The regular meeting of the Owatonna Housing and Redevelopment Authority was called to order at 4:01 p.m. in the Crandall Small Conference Room 120 by Chairperson Olivo.

Members present were Julie Fiske, Vicki Olivo, John Hole, and Lindsay Schultz. Member Nathan Dotson was absent. Also present were Community Development Director Troy Klecker, Housing Manager Ghassan Madkour, Mary Reedy of Clifton Larson Associates, and Senior Administrative Technician Kristen Kopp.

Review 2023 Final Audit: Mary Reedy, Clifton Larson Associates, presented the 2023 Final Audit. There were three reports provided to the Commissioners. Since Mainstream Voucher income was increased, there was about $877,000 coming in from HUD. The audit threshold was $750,000. As we started to test the program, we noticed Madkour was doing everything. Normally what we see in bigger HRAs is that those duties are given to multiple people. Madkour and Finance Director Rhonda Moen are coming up with a plan. Madkour said he and Klecker were having discussions as well. Reedy said the only findings they had were with Journal Entries and then the segregation of duties. Madkour said he doesn't believe the HRA has had a single audit and asked Reedy to explain. She said the Owatonna HRA has always been under $750,000, but when you add in Mainstream, it puts you over that limit. With that, they have to do separate testing of five to six areas of compliance. It's all different types of controls over those Federal dollars. It is quite a bit of additional work whereas in the past, they just reported the Federal dollars and they were done—no testing was involved. This year they had to do much more extensive testing. She gave an overview of the audit and said the programs are operating as they should. Schultz asked if the findings were primarily segregation of duties. Reedy said they didn't find anything particularly wrong, but Madkour is doing everything. The control would be to have someone reviewing the compliant areas. Olivo asked if that would have to be full-time or temporary. Klecker said that Madkour has done a fabulous job, but the total vouchers are a percentage above from where he started. Klecker said a part-time HRA person for the 2025 Budget that would help with the workload and accountability piece as well. We are more than just a one-person operation. It's not recommended that just one person does it. Olivo asked if Reedy has done audits for other cities and wondered if she's seeing an increase in all cities. Reedy said they've seen an increase in general because rents are going up. They've seen an increase in vouchers as well. By no means is Owatonna different. The big thing was joining the Mainstream Voucher program and the natural increase in the HCV. Klecker said the Mainstream program is 40 vouchers—that's quite a bit. Olivo commended Madkour on the work he's been doing. Madkour thanked Reedy for joining.

There was some discussion about the part-time position. If the budget is approved by City Council, the earliest they could advertise would be January.

A motion was made by Hole and seconded by Schultz to approve the 2023 Final Audit as presented. All Commissioners voting Aye, the motion carried.

Approval of the Minutes: A motion was made by Schultz and seconded by Fiske to approve the minutes of the April 22, 2024, HRA Board meeting. All Commissioners voting Aye, the motion carried.

Executive Director's Report: Community Development Director Troy Klecker said that they are working on the preliminary budget now. They budget for a $200,000 levy, which is pretty low when you think about the maximum we could do, or what other cities around us do. We're at the point where we'd want to budget a little more for the part-time person. There will be a higher percentage increase on the HRA side. We will offset part of that with administrative costs that come from the program. We're still in the double digits—in the neighborhood of 15 to 20% increase. It is an anomaly—making a jump from one person to two. Schultz asked what prior increases have been. Klecker said we've gone up about $5,000 in the last years, which is very minimal. As far as projects, there is an ongoing effort to get more housing in general and more affordable housing projects. These projects take a long time and there is usually subsidy

involved. The two housing projects they're working on are Hillcrest and Eastgate 2. We should be hearing about Hillcrest in July and will be looking to go through the TIF process. Eastgate 2 would be a 2026 project. It's a 60-unit senior housing project. It's a good move to have a senior housing project as seniors who are in homes would move in and free up homes. We probably won't hear about that until December. There are other affordable housing efforts, including United Way. There is a task force and they have been involved in a number of smaller scale things. Also, the county has an affordable housing fund. The HRA pledged $50,000. Klecker said he sits on that task force. The things they are focusing on are a revolving loan program that would help create more affordable rental units. They have loosely talked about making a loan program of up to $20,000 for a landlord to put into their units as long as they made it affordable. The other one is filling in vacant lots at Colonial Manor Mobile Home Park. There are about a dozen available. They are looking at a loan program because it's hard to get a loan to purchase a mobile home. This would help people or investors purchase them. They want to create more affordable housing units and to make it revolving so it comes back in and they always have a pot of money to put toward affordable housing. He gave an updated on the lot on 22nd Street NW and 3rd Avenue NW that was given to us from the Cashman family. There were some title and planning issues that are all resolved now. The platting process is complete and just needs to be recorded. They are aiming to get affordable housing on the lot. They could do a number of different things, such as a Request for Proposal. It's not a huge lot—they probably won't be able to get more than four units on it. They could also work with a nonprofit to do a project there. Three Rivers and Habitat for Humanity might be interested in doing something. Schultz asked if Habitat has done anything like that before. Klecker said they hadn't, but are interested. There was some discussion on the benefits and drawbacks of an RFP verses working with a specific group. The Commissioners agreed that working with a specific group was a good place to start.

Old Business: The Housing Choice Voucher program monthly report was presented by Madkour, including the City of Owatonna monthly balance sheet and revenue/expense report. Program utilization: The Housing Voucher program for May totaled 106. Total year to date assistance and administration costs were $413,688.62 and revenues were $391,562.39. The Housing Choice Voucher Program fund balance at May month end is $190,814.73. The HRA Revenues year to date total is $217,742.55 and the expenses total $199,186,70. The HRA General Fund balance is $676,598.00.

There has been some turnover. There are 176 clients being served. There are fourteen clients searching for places. It's tough. There is an orientation coming up this week with five people. He's trying to get one orientation a week. He gave an update on the waitlist purge. He sent the letters on June 3 and they had 14 days to get back to him. The letter asks if they are still interested, and if they are, to update their contact details. Out of 138 letters he sent out, 29 came back—so 109 people came off the list. They can reapply, and with 109 people off, they probably won't be too far behind where they were.

A motion was made by Hole and seconded by Fiske to approve the reports as presented. All Commissioners voting Aye, the motion carried.

New Business: Klecker said that the City purchased a house at 506 Maple Drive that is in the floodplain. They bought it with a DNR grant and closed on it about a month ago. The DNR paid for the purchase and restoring it back to greenspace. The house is a 1957 rambler that is still in decent shape. The City is considering moving it to another lot and selling it. One of the lots they are looking at is on Partridge Avenue. It does fit in there. Whenever we move a house, we have to go through Zoning approvals. A lot of times it requires improvements to the house to make it fit in to the new neighborhood. They would likely have to install new siding and put a basement in. It's two bedrooms and one bath and they could replicate that in the basement. There are some costs that go with it. He said his initial thought is to have the HRA fund it. It is an HRA lot. It's a house that is already paid for, but it will have to be moved and have some improvements. The thought is to sell it at market rate and put any profit toward HRA efforts. Olivo said she thought that was great. Klecker said he's already anticipating a two-stall garage, new windows, new siding, and a new roof. Hole agreed that it's a good idea since we have the lot. Klecker said if they want to go down that route, he'd want to contract with someone to take care of it all. Olivo said they'd be interested if he could get a full estimate. Klecker said he will get an estimate and bring it to the next meeting.

Adjournment: There being no further business, a motion to adjourn was made by Schultz and seconded by Hole. All Commissioners voting Aye, the motion carried. The meeting adjourned at 5:21 pm.

Respectfully Submitted,
Ghassan Madkour
Housing Manager

MEMORANDUM

TO: OWATONNA HOUSING AND REDEVELOPMENT AUTHORITY BOARD

FROM: GHASSAN MADKOUR, HOUSING MANAGER

SUBJECT: MONTHLY DEMOGRAPHICAL AND FINANCIAL DATA

DATE: JULY 22, 2024

The purpose of this memorandum is to provide the Owatonna Housing and Redevelopment Authority with demographic and financial data on the HRA General Fund, Housing Choice Voucher, Mainstream Voucher, and Bridges Voucher programs.

OWATONNA HRA GENERAL FUND

YTD Revenues:	$262,101.04
YTD Expenses:	$235,365.87
Fund Balance:	$684,343.66

MHFA BRIDGES PROGRAM

Monthly HAP Revenue	$15,565.00
Monthly Admin Revenue	$1,500.00
Monthly Expense	$17,065.00
Occupancy:	25
Average HAP:	$622.60

COUNTY BRIDGES PROGRAM

Monthly HAP Revenue	$4,984.00
Monthly HAP Expense	$4,984.00
Occupancy:	9
Average HAP:	$553.78

MAINSTREAM VOUCHER PROGRAM

Monthly HAP Revenue	$13,138.00
Monthly HAP Expense	$13,715.00
Occupancy:	31 out of 40 vouchers
Average HAP:	$442.42

SECTION 8 HOUSING CHOICE VOUCHER PROGRAM

YTD Revenue:	$483,443.33
YTD Expense:	$492,246.99
Total Cash Balance:	$168,603.40
Households in Steele Co:	100
Average HAP:	$567.90
Households Portable Out:	5
Average HAP:	$940.60
Total Assisted Households:	104 out of 117 vouchers
Households Ported In Billing:	4

Requested Action: The Board is asked to review and approve the monthly reports and program expenditures.

City of Owatonna
Balance Sheet
Fund: 280 OWATONNA HRA Period Ending: 6/2024

Account Number	Description	Debit	Credit
280-10100-000-000-000000	CASH	438,426.79	
280-10400-000-000-000000	INVESTMENTS	50,000.00	
280-10700-000-000-000000	TAXES REC - DELINQUENT	959.87	
280-11500-000-000-000000	ACCOUNTS RECEIVABLE	2,496.00	
280-12900-000-000-000000	LOANS RECEIVABLE	6,170.00	
280-13200-000-000-000000	DUE FROM OTHER GOVERNMENTS	2,083.00	
280-14200-000-000-000000	LAND HELD FOR RESALE	184,208.00	
280-20100-000-000-000000	ACCOUNTS PAYABLE		-3,870.38
280-22015-000-000-000000	DEPOSITS - OTHER		-2,000.00
280-22200-000-000-000000	UNAVAILABLE REVENUE		-8,170.00
280-22210-000-000-000000	UNAVAILABLE REVENUE - TAXES		-959.87
280-29300-000-000-000000	FUND BALANCE		-644,608.24
Current Year Revenue/Expense			-24,735.17
	Fund totals:	684,343.66	-684,343.66

City of Owatonna
Balance Sheet
Fund: 282 OWATONNA HRA HUD SECTION 8 Period Ending: 6/2024

Account Number	Description	Debit	Credit
282-10100-000-000-000000	CASH	85,964.52	
282-10150-000-000-000000	RESTRICTED CASH - FSS DEPOSITS	25,518.58	
282-11500-000-000-000000	ACCOUNTS RECEIVABLE	1,834.00	
282-13200-000-000-000000	DUE FROM OTHER GOVERNMENTS	42,606.64	
282-20100-000-000-000000	ACCOUNTS PAYABLE	3,873.00	
282-22250-000-000-000000	FSS DEPOSITS		-25,518.58
282-29300-000-000-000000	FUND BALANCE		-143,084.82
Current Year Revenue/Expense		8,806.66	
	Fund totals:	168,603.40	-168,603.40

******* End of Report *********

Description	Year Budget	MTD Actual	YTD 6/30/24 Actual
PROPERTY TAXES	- 200,000.00	- 21,109.95	- 104,109.95
MOBILE HOME TAX		- 27.20	- 27.20
STEELE COUNTY - HOUS	- 55,000.00		- 23,910.00
OTHER REVENUE		- 80.00	- 80.00
HUD - SEC 8 MGMT FEE	- 7,500.00		
TIF ADMINISTRATIVE F	- 5,638.00		
INTEREST EARNINGS	- 4,000.00		- 6,926.89
RENT/RENTALS	- 36,000.00	- 2,000.00	- 10,000.00
STATE - HOUSING BRID	- 253,250.00	- 17,956.00	- 105,587.00
STATE - HOUSING BRID	- 18,000.00	- 1,800.00	- 11,460.00
	- 579,388.00	- 42,973.15	- 262,101.04
WAGES - REGULAR FT	99,801.00	7,676.72	49,722.97
WAGES - OT		20.94	24.43
PERA	7,485.00	581.37	3,754.96
FICA	7,635.00	564.08	3,654.54
INSURANCE	16,064.00	1,412.84	8,476.76
WORKERS COMP INSURAN	569.00	44.13	285.23
OFFICE SUPPLIES	1,200.00	375.83	987.22
OTHER PROFESSIONAL S	10,000.00		2,036.25
BACKGROUND CHECKS	1,300.00	25.00	450.00
PHONE	900.00	41.22	247.38
POSTAGE	1,300.00	186.99	821.33
TRAVEL & TRAINING	2,700.00		161.39
OPERATIONAL SERVICES	4,000.00	240.00	240.00
ADVERTISING & PROMOT	200.00		
MEMBERSHIPS & SUBSCR	900.00		399.95
PROPERTY & LIABILITY	4,400.00		2,200.00
RENTAL PROPERTY EXPE	6,900.00	599.40	7,183.81
REPAIR & MAINT - EQU	500.00		
REPAIR & MAINT - OTH			
SOUTHERN MN INITIATI	1,667.00		1,667.00
HOUSING PAYMENTS - S	55,000.00	4,984.00	28,430.00
LAND PROJECTS	45,600.00	47.65	147.65
RENTAL CERTIFICATION	25,000.00	2,083.00	12,502.00
TRANSFER TO OTHER FU	15,000.00	1,250.00	7,500.00
HOUSING PAYMENTS - B	271,250.00	18,046.00	106,473.00
	579,371.00	38,179.17	237,365.87

Description	Year Budget	MTD Actual	YTD 6/30/24 Actual
FEDERAL - PROGRAM	- 749,722.00	- 63,691.00	- 331,646.00
FEDERAL - ADMIN	- 75,833.00	- 6,718.00	- 38,989.00
FEDERAL - PROGRAM (M		- 15,138.00	- 76,760.00
FEDERAL - ADMIN (MS)		- 3,278.00	- 17,340.00
FEDERAL - OTHER	- 170,000.00		
OTHER HA - PORT IN H	- 100,000.00	- 2,136.00	- 14,378.00
OTHER HA - PORT IN A	- 8,000.00	- 220.36	- 1,350.47
OTHER HA-PORT IN UTI	- 1,000.00		
FRAUD RECOVERY - HAP	- 2,500.00	- 197.50	- 811.50
FRAUD RECOVERY - ADM	- 2,500.00	- 197.50	- 811.50
INTEREST EARNINGS	- 500.00		- 1,356.86
	- 1,110,055.00	- 91,576.36	- 483,443.33
WAGES - REGULAR FT	47,486.00	3,652.80	23,640.80
PERA	3,561.00	266.57	1,729.15
FICA	3,633.00	253.55	1,653.56
INSURANCE	11,280.00	813.35	4,880.10
WORKERS COMP INSURAN	271.00	20.26	131.43
AUDIT & ACCOUNTING S	11,500.00		17,535.00
MANAGEMENT FEES	7,500.00		
PORT OUT ADMIN	1,000.00	213.02	1,134.27
TRAVEL & TRAINING	600.00		135.04
MAINSTREAM HAP	170,000.00	13,715.00	84,420.00
MS PORT OUT	2,200.00		
MS PORT OUT ADMIN	800.00		
MS PORT OUT UA	200.00		
MS UTILITY PAYMENTS			
PORT OUT UA	752.00		
HOME OWNERSHIP HAP	12,000.00	994.00	5,549.00
HOUSING PYMTS HAP	749,722.00	50,932.00	310,121.00
UTILITY PYMTS HAP	2,000.00	160.00	1,161.00
PORTABLE HSG PYMTS	15,000.00	4,703.82	25,224.64
PORTABLE UTIL PYMTS	550.00		
PORTABLE REC HAP	70,000.00	2,837.00	14,935.00
	1,110,055.00	78,561.37	492,249.99

Owatonna H.R.A.

Demographic Statistics Report

Vouchers - All Projects

Unit Locations	HoH Count	Percent	Fam Count	Percent
	6	4	13	5
Blooming Prairie	1	1	1	0
Ellendale	1	1	1	0
Owatonna	128	94	247	94
Total All Locations	136	100	262	100

Family Composition	Count	Percent	Avg Age
Average Family Size	2		
Elderly Heads of Household (age 62 or older)	26	19	70
Non-Elderly Heads of Household (age 61 or less)	110	81	45
Near-Elderly Heads of Household (ages 55 to 61)	26	19	58
Other Heads of Household (age 54 or less)	84	62	42
Female Heads of Household	102	75	49
Elderly	21	21	71
Non-Elderly	81	79	43
Near-Elderly	14	14	58
Other	67	66	40
Male Heads of Household	34	25	53
Elderly	5	15	64
Non-Elderly	29	85	51
Near-Elderly	12	35	58
Other	17	50	46
Disabled/Handicapped Heads of Household	83	61	55
Male	28	34	52
Female	55	66	55
Non-Minority Heads of Household	91	67	
Minority Heads of Household	45	33	
Black/African American	33	24	
Hispanic	12	9	
# of Family Members younger than 18 years	96		11
# of Families with children	46	34	

Income Source	Annual Amount	Percent	Count	Percent
Child Support	$52,436	2.0	20	6
Federal Wage	$1,620	0.1	1	0
General Assistance	$285,041	11.0	101	31
Military Pay	$1,991	0.1	1	0
Other Nonwage Sources	$160,743	6.2	27	8
SSI	$779,522	30.0	70	21
Social Security	$541,692	20.8	57	17
TANF (formerly AFDC)	$1,320	0.1	1	0
Unemployment Benefits	$18,356	0.7	1	0
Other Wage	$758,938	29.2	50	15
Total All Income Sources	$2,601,660	100	329	100

Public Assistance is the sole source of income for 5% of households.
Households that are working comprise 34% of households.
Of the working households, 0% of households also receive TANF.

Average Household Income	$19,130
Average Tenant Rent (0-Bdrm)	$503
Average Tenant Rent (1-Bdrm)	$323
Average Tenant Rent (2-Bdrm)	$328
Average Tenant Rent (3-Bdrm)	$404
Average Tenant Rent (4-Bdrm)	$735
Average Tenant Rent (5-Bdrm)	$666

Demographic Statistics Report

Vouchers - All Projects

Average Tenant Rent (Combined)	$352
Average TTP (rent + utilities per month)	$368
Average Housing Assistance Payment	$514

Length of Time On Program	Count	Percent
Less than 1 years	29	22
Less than 2 years	27	21
Less than 3 years	16	12
Less than 4 years	10	8
Less than 5 years	3	2
Less than 6 years	2	2
Less than 7 years	2	2
Less than 8 years	4	3
Less than 9 years	8	6
Less than 10 years	6	5
More than 10 years	23	18

Broad Range of Income	Count	Percent
$0 - $5,000	3	2
$5,000 - $10,000	7	5
$10,000 - $15,000	42	32
$15,000 - $20,000	34	26
$20,000 - $25,000	19	14
More than $25,000	27	20

Income Levels	Count	Percent
	5	4
Extremely Low	111	82
Very Low	17	13
Low	3	2
Over Income	0	0

Demographic Statistics Report

Bridges - All Projects

Unit Locations	HoH Count	Percent	Fam Count	Percent
Blooming Prairie	1	3	3	4
Ellendale	1	3	3	4
Owatonna	30	81	65	86
Waseca	4	11	4	5
West Concord	1	3	1	1
Total All Locations	37	100	76	100

Family Composition	Count	Percent	Avg Age
Average Family Size	2		
Elderly Heads of Household (age 62 or older)	2	5	67
Non-Elderly Heads of Household (age 61 or less)	35	95	39
Near-Elderly Heads of Household (ages 55 to 61)	5	14	58
Other Heads of Household (age 54 or less)	30	81	36
Female Heads of Household	24	65	39
Elderly	1	4	72
Non-Elderly	23	96	37
Near-Elderly	1	4	59
Other	22	92	36
Male Heads of Household	13	35	45
Elderly	1	8	62
Non-Elderly	12	92	44
Near-Elderly	4	31	58
Other	8	62	37
Disabled/Handicapped Heads of Household	12	32	43
Male	8	67	46
Female	4	33	43
Non-Minority Heads of Household	27	73	
Minority Heads of Household	10	27	
Black/African American	4	11	
American Indian/Alaska Native	2	5	
Hispanic	4	11	
# of Family Members younger than 18 years	35		9
# of Families with children	15	41	

Income Source	Annual Amount	Percent	Count	Percent
Child Support	$32,762	5.2	8	11
General Assistance	$164,604	26.4	37	51
Other Nonwage Sources	$9,768	1.6	1	1
SSI	$100,668	16.1	8	11
Social Security	$71,976	11.5	6	8
Other Wage	$244,894	39.2	12	17
Total All Income Sources	$624,672	100	72	100

Public Assistance is the sole source of income for 22% of households.
Households that are working comprise 30% of households.
Of the working households, 0% of households also receive TANF.

Average Household Income	$16,883
Average Tenant Rent (0-Bdrm)	$290
Average Tenant Rent (1-Bdrm)	$284
Average Tenant Rent (2-Bdrm)	$349
Average Tenant Rent (3-Bdrm)	$403
Average Tenant Rent (4-Bdrm)	$435
Average Tenant Rent (Combined)	$332
Average TTP (rent + utilities per month)	$345
Average Housing Assistance Payment	$571

Demographic Statistics Report

Bridges - All Projects

Length of Time On Program	Count	Percent
Less than 1 years	14	38
Less than 2 years	15	41
Less than 3 years	6	16
Less than 4 years	1	3
Less than 5 years	0	0
Less than 6 years	0	0
Less than 7 years	0	0
Less than 8 years	0	0
Less than 9 years	1	3
Less than 10 years	0	0
More than 10 years	0	0

Broad Range of Income	Count	Percent
$0 - $5,000	3	9
$5,000 - $10,000	6	18
$10,000 - $15,000	8	24
$15,000 - $20,000	4	12
$20,000 - $25,000	6	18
More than $25,000	7	21

Income Levels	Count	Percent
	6	16
Extremely Low	24	65
Very Low	3	8
Low	4	11
Over Income	0	0