

BOARD OF COMMISSIONERS
WASHINGTON COUNTY COMMUNITY DEVELOPMENT AGENCY
WASHINGTON COUNTY, MINNESOTA

The Washington County Community Development Agency Board of Commissioners convened in Regular Session at Washington County CDA, 7645 Currell Blvd., Woodbury, MN on April 17, 2018. Staff present: Barbara Dacy, Executive Director; Melissa Taphorn, Deputy Executive Director; Aaron Christianson, Director of Finance; Ann Hoechst, Housing Assistance and Administrative Services Director; Chris Eng, Economic Development Director; Kristen Scobie, Community Development Project Manager II; Angie Shuppert, Community Development Programs Manager; Elena Shulman, Community Development Project Manager I; Kathryn Paulson, Community Development Project Manager II; Becky Nelson, Senior Accountant and Leni Healy, Administrative Assistant.

Meeting called to order at 3:00 p.m.

ROLL CALL

Commissioners present: Dingle, Miron, Zeller, Ryan and Belisle.

Commissioners absent: Widen.

Vice Chairperson Zeller called for a moment of silence in remembrance of Chair Bill Hargis.

OPEN FORUM

None

CONSENT CALENDAR

Consent Calendar agenda items are generally defined as items of routine business, not requiring discussion, and approved in one vote. Commissioners may elect to pull a Consent Calendar item(s) for discussion and/or separate action.

Minutes of Special Meeting

March 15, 2018

Minutes of Regular Meeting

March 20, 2018

Abstract of Bills, March 30, 2018

Total: \$1,521,241.54

A-1 Resolution No. 18-12. Resolution Authorizing Execution of a Construction Contract for the TrailSide Senior Living Roofing Project

A-2 Resolution No. 18-13. Resolution Authorizing the Operating Agreement Between the Landfall Village Housing and Redevelopment Authority, The City of Landfall Village and the Washington County Community Development Agency

A-3 Resolution No. 18-14. Resolution Authorizing Execution of the Home Investment Partnerships Program Development Agreement for the Twin Cities Habitat for Humanity Generation Acres Project

A-4 Resolution No. 18-15. Resolution Authorizing Execution of the Community Development Block Grant Development Agreement for the Landfall Site Improvements Project

**Commissioner Miron moved to approve the Consent Calendar, seconded by Commissioner Dingle.
Motion carried 5-0.**

PUBLIC HEARING

A-5 Resolution No.18-16. Resolution Authorizing the Adoption of the Revised Housing Choice Voucher Administrative Plan and Amending the Public Housing Admissions and Continued Occupancy Plan

Commissioner Zeller requested a motion to open the public hearing on Resolution No. 18-16. Commissioner Ryan moved to open the hearing; Commissioner Miron seconded the motion. Motion carried 5-0.

Ms. Hoechst explained that a public hearing is required prior to the adoption of the revised plans. She noted that the Notice of the plans were published on March 1, 2018 and placed on the website for a forty-five-day comment period. She said that copies of the revised Administrative Plan and the Public Housing Admissions and Continued Occupancy Plan were provided to the Resident Advisory Board, the Resident Councils and the public. She indicated that copies of the comments were attached to the resolution.

Ms. Hoechst addressed the comments concerning gathering income tax information and the consequences of committing fraud in the housing programs. She indicated that the fraud policies will be strengthened with more definition and violations will be retroactive to the date the fraud was committed, not the date it was discovered. She explained that these changes will be covered in letters to all current tenants, the tenant handbooks, the appointment letter and will be added to the Family Obligation form which is part of the annual recertification process. She stated that if a tenant did not file taxes for the previous year, they must sign a statement indicating such information for the client file. She explained that an informal hearing process with a third-party hearing officer will still be available upon request for persons that are in the termination process.

Commissioner Belisle moved to close the public hearing on Resolution No. 18-16. Commissioner Ryan seconded the motion. Motion carried 5-0.

Commissioner Belisle asked if the agency could request tax returns directly from the IRS. Ms. Hoechst indicated that staff could have a discussion concerning the tax returns. Ms. Taphorn indicated that knowing that the agency can request the tax returns may be enough of a deterrent of the tenants to avoid purposely misstating income.

Commissioner Belisle asked if fraud has been a big issue and what percent of clients were not submitting the tax information. Ms. Hoechst indicated that staff currently does not ask for the tax return because the Enterprise Income Verification (EIV) system provides taxable information for verification. She said that recently it came to staff's attention that the EIV system does not capture self-employment income.

Commissioner Miron moved to approve Resolution 18-10, seconded by Commissioner Widen. Motion carried 5-0.

A-6 Resolution No. 18-17. Resolution Endorsing the Washington County 2018 Annual Action Plan and Authorizing Submission to Washington County Board of Commissioners

Commissioner Miron moved to open the public hearing on Resolution No. 18-17. Commissioner Ryan seconded the motion. Motion carried 5-0.

Ms. Shuppert indicated that a public hearing is required for the 2018 Action Plan for Community Development Block Grant (CDBG) and HOME Investment Partnerships programs. She reported the process for obtaining application and the funding recommendations. On March 9th a public notice was issued for a 30-day comment period.

Ms. Shuppert indicated that the 2018 Action Plan projects included Two Rivers Community Land Trust Scattered Site Acquisition and Rehabilitation, Twin Cities Habitat for Humanity Scattered Site Acquisition and Rehabilitation, Washington County CDA Woodland Park Capital Improvements, Home Improvement Loan Program, Washington County Community Services Family Service Worker and Crisis Fund Assistance and the Consortium Community Housing Development Organization set aside.

Commissioner Miron indicated that the St. Andrew's Shelter has been a great project and wondered what the Agency's total contribution was. Ms. Shuppert stated that the total amount is \$240,000. Commissioner Belisle asked what the additional funding covered. Ms. Shuppert indicated that the project encountered unexpected asbestos, mold, sewer and water issues. Commissioner Zeller wanted an explanation of the source of the additional funding. Ms. Shuppert explained that two prior year projects were cancelled, freeing up some funding and was reallocated.

Commissioner Zeller asked how the application process was announced to the public. Ms. Shuppert indicated that a Request for Proposal is sent to the cities, developers, and published in the Stillwater Gazette. She explained that the application instructions indicate that the funding is grant funding not loan funding. Ms. Taphorn explained that if a developer instead of a non-profit entity were applying for this funding, it may be a loan. Commissioner Belisle explained that he and Commissioner Ryan were part of the Citizens Advisory Committee which reviews, scores, and recommends applications.

Commissioner Zeller expressed concern that the Agency was not giving out funding because extra money was available. Commissioner Belisle explained that there is usually more demand for money than funding allows. Commissioner Ryan explained that Two Rivers CLT had requested funding for two houses but due to previous performance only funding for one unit was awarded.

Ms. Shuppert outlined the fund leveraging requirements and ratios for each program. She indicated that the next steps would include the Board's approval, the County Board approval and submission to Housing and Urban Development (HUD) by May 15th for a program year start of July 1st.

Commissioner Zeller opened the floor for public comments. No commenters were present.

Commissioner Ryan moved to close the public hearing. Commissioner Belisle seconded the motion. Motion carried 5-0.

Commissioner Miron moved to approve Resolution 18-17, seconded by Commissioner Widen.

Commissioner Belisle commented on the shelter project in Hugo is a phenomenal use of funds leveraged together. Commissioner Miron also commented that three faith communities were working together on this project in which an empty building was rehabilitated and put to good use. Commissioner Belisle asked if Washington County had a Community Housing Development Organization (CHDO) and where does the money go. Ms. Shuppert responded that Community Action Partnership (CAP) of Ramsey and Washington Counties has been a past CHDO and that the CAP agency has decided to apply for Washington County CHDO fund every other year, alternating with Ramsey County. Commissioner Ryan asked what project Ramsey County funded last year. Ms. Shuppert indicated that they undertook a project like Washington County's involving acquisition and rehabilitation. Commissioner Miron commented that Generation Acres involves leveraging in which the land was donated by the owner with Habitat for Humanity and faith communities to make this a very good project. **Motion carried 5-0.**

DISCUSSION

D-1 Strategic Planning Update

Ms. Dacy updated the Board concerning the staff's strategic planning activities. She explained that each staff member was directed to contact one of our stakeholders to ask three short, specific questions and record the responses. The questions were (1) When it comes to the programs or services you participate in, what trends do you see happening now? (2) When you think about the next 3 to 5 years, what challenges lie ahead? (3) What opportunities can you think of that the CDA should take on to address the trends or challenges? She indicated that the stakeholders involved represented cities, townships, federal, state, county, non-profits, developers and service partners.

Ms. Dacy indicated that the stakeholders identified three trends which will be challenges for the next few years. She stated that those trends are program funding, the tightening housing market, and economic development. She reported that the 2018 federal budget was fully funded, however there will be changes to the 2019 budget. She indicated that Rental Assistance Demonstration (RAD) program is a new financing tool to recapitalize public housing and to provide the opportunity to evaluate the Low Income Housing Tax Credit program. She stated that the Community Development Block Grant (CDBG) and HOME (Home Investment Partnerships) programs which are very popular in Congress may become block grants for states to administer. She also foresees cuts to the housing voucher and Family Self-Sufficiency programs.

Ms. Dacy reported that the Minnesota City Participation Program (MCP) is in jeopardy for two years which could mean the loss of low interest financing for first time home buyers and down payment assistance. She

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indicated that there seems to be state support for the Housing Infrastructure Bonds (HIB) for low income seniors. She stated that the Minnesota Investment Fund or the Redevelopment Grant program will be debated during the next session.

The second issue Ms. Dacy the stakeholders identified was the tight housing market. She indicated that since little supply exists, rent costs are increasing. She stated that the people affected by this situation are the people who can least afford to do anything about it; people in the workforce, low income seniors, the homeless and those affected by the Olmsted Plan. She indicated that a recent trend is to preserve “naturally occurring affordable housing”, where older housing stock is more affordable than newer construction.

The third issue Ms. Dacy discussed was economic development. She indicated that infrastructure issues such as transit, roads, broadband and water are being demanded for development. She stated that many residents commute out of the county for higher paying jobs. She indicated that a mismatch of skills versus needs in the labor force exists and that attracting and retaining talent is a challenge.

Ms. Dacy believes that the agency’s vision, goals and strategies are in alignment to address these challenges and continue to be viable in our work.

Commissioner Belisle questioned the reference to the Olmsted Plan. Ms. Dacy explained that was a court case that requires that a person with a physical or mental disability to be placed in a community setting and not in one building. She explained that it would be a “scattered site” approach and that landlords find this to be a challenging issue. Commissioner Belisle asked if this plan serves minors or adults or both. Ms. Dacy indicated that the plan is for adults.

Commissioner Belisle asked about the mismatch of skills and if there are any trends to address these concerns. Mr. Eng have indicated that young college graduates are overeducated for the jobs they end up taking. He believes that the job awareness needs to start in junior high and high school to direct their educational efforts where the job market needs them. He indicated that four-year degrees do not necessarily garner the best jobs. He said that a person with an eighteen-month certificate frequently makes more money and is more satisfied with job tasks than someone with advanced degrees. He indicated that they are talking to employers to find out what the skill needs are and then working with the educational system to provide those skills. He indicated that the shortage of workers will get worse. He stated that another challenge is an international competition for workers as a large portion of American workers are retiring without skilled replacements. He indicated that it has been a challenge to attract new businesses when a skilled workforce is not readily available. Mr. Eng talked about the formation of the East Metro Manufacturers Alliance and an East Metro Healthcare Alliance to get employers to identify employment needs.

Commissioner Ryan commented on the Jordan Aquifer depletion as an example of needed, long-term fresh water resources.

Commissioner Zeller indicated that he is concerned about unfunded mandates coming from both the federal and state levels. He believes that lobbying and education efforts are needed now more than ever.

Commissioner Miron agreed with Commissioner Ryan that water availability is a great concern and enhances economic development efforts. He also addressed the Department of Natural Resources (DNR) appeal which will have a significant impact on Washington County. He indicated that there is a heightened awareness of the issue which is already affecting development interests.

Commissioner Zeller has spoken with groups which are concerned with watershed issues and where their authority is overreaching its purpose. He believes that a balance needs to be sought and that incidents such as the Lake Elmo contamination will impact progress along the corridor.

Commissioner Dingle agreed that water contamination is an issue in south Washington County communities of Newport, Cottage Grove and St. Paul Park. He reported that well after well has tested over the contamination limits even though the limits have been lowered. He indicated that the 3M money won’t last long with the high cost of filtration systems.

REPORTS

COMMUNITY DEVELOPMENT DEPARTMENT

Ms. Taphorn reported that The Glen at Valley Creek project continues to press on toward closing. The partners are continuing their underwriting their equity and loans to the project. Enterprise, the equity investor, will begin Woodbury for a site visit this week.

Ms. Taphorn indicated that part of the omnibus appropriations bill included an increase to the Low-Income Housing Tax Credit program. It would be a 12.5 percent increase effective for the 2018 program year. Since the Agency allocated its 2018 credits in October, the additional credits will be available with the 2019 program. She reported that the date for the public hearing has been delayed until May. She indicated that the application due date will be in July which will not affect the awards which will happen in October. She announced that with the 2018 increase and the 2019 increase the agency will have just over \$600,000 in credits that will be available in Washington County for 2019.

ECONOMIC DEVELOPMENT DIRECTOR

Mr. Eng circulated an article from the Minnesota Real Estate Journal which listed the first time 2018 Real Estate Awards. He reported that over 250 nominations were made. He announced that the City of Woodbury was named the City of the Year and St. Therese of Woodbury was named the senior housing project of the year. He explained that Washington County CDA was a sponsor of the awards event which allowed the agency's name and logo to appear on screens and printed materials.

Mr. Eng has been working with the City of Newport City Council for tonight's workshop featuring a panel of experts including site selectors, developers and realtors. He indicated that Out Lot A, zoned at MX3 (multifamily, office and retail,) in Newport is being marketed for the appraised value of \$1.5 million dollars over six acres. He explained that the price may change if the City revisions or rezones the property. He mentioned that the regional rail option is up in September which may impact the property.

Commissioner Belisle asked about the process of working with businesses interested in properties. He wondered if a commercial broker was involved. Mr. Eng explained that they meet with the interested businesses directly along with City personnel and a site selector. He said that frequently state partners are involved in creating a package for the site.

FINANCE & PROPERTY MANAGEMENT

Mr. Christianson indicated that the 2017 audit was completed last and the field work went well. He is not anticipating any reportable issues. He said that Dave Moll from Redpath will be at the May Board meeting to go over the results in more detail.

Mr. Christianson stated that the 2019 budget committee will address key assumptions in May. A draft budget will be presented to the full Board in June.

He addressed the Finance Department restructuring with a part time accounts payable position. He indicated that the position has been advertised and he anticipates making an employment offer in May. He informed the Board that there has been an open position in the department since December and after several discussions with the Executive Director, it was determined that it would best suit the needs of the agency to hire an Assistant Director of Finance. He hopes to start the process soon.

Commissioner Miron asked if this structure would help with segregation of duties. Mr. Christianson indicated that segregation currently exists, but it usually means that the Finance Director assumes much of the extra tasks so that forecasting and long-term planning are not getting the attention they need. He indicated that the new position would help relieve some of the time-consuming tasks.

RENTAL ASSISTANCE

Ms. Hoechst reported that the Rental Assistance department has opened discussions with the County Sheriff's Department to conduct some of the more technical fraud investigations.

Commissioner Belisle asked about the number of fraud investigations are currently conducted. Ms. Hoechst indicated that there is not a good way to predict when a fraud is underway or how many will occur. She said that the housing staff works on cases with the Sheriff's department and welfare investigators. Some of the fraud investigations are able to be completed by the Rental Assistance Staff bur others require more resources that are available to the Sheriff's department. She indicated that not all the investigations rise to that level, but the Sheriff's expertise may be needed for one or two cases per year.

EXECUTIVE DIRECTOR

Ms. Dacy distributed the first Personnel Committee packets to Commissioner Miron and Commissioner Dingle. She indicated that the Personnel Committee will be meeting on April 25 at 3 PM to discuss succession plans. She indicated that all 2015 goals were accomplished.

Ms. Dacy announced that the County Commissioners have been invited to a gathering following next month's Board Meeting. She indicated that it will be an informal meeting with no business scheduled. She said the purpose will be to get acquainted and discuss ideas of interest to both groups.

Ms. Dacy updated the Board on the litigation in which the plaintiffs have signed an agreement. The Court has dismissed the case and the appeal has been withdrawn. She indicated that the next step is that the plaintiffs must pay the attorney's fees to the Court within thirty days. She stated that the funds will come to the agency from the Court.

ADJOURN

Commissioner Zeller moved to adjourn. Seconded by Commissioner Ryan. Motion carried 5-0.

Meeting adjourned at 4:12 P.M.

/S/ Brian Zeller

Chair/Vice Chair Commissioner