

SIOUX FALLS HOUSING and REDEVELOPMENT COMMISSION

630 South Minnesota Ave, Sioux Falls, SD

Regular Meeting

October 31, 2017

Commissioners

Present: John Peckham, Jim Wiederrich, Jim Beddow and Jeremy Keckler

Others

Present: Karl Fulmer, Vernon Kreun, Les Kinstad, Brent Tucker and Dianne Hovdestad

CALL TO ORDER/ROLL CALL

The meeting was called to order at 7:35 by Commissioner Keckler.

APPROVAL OF MINUTES OF SEPTEMBER 26, 2017-Regular Meeting

Commissioner Keckler called for a motion to approve the minutes of the September 27, 2017 Regular Meeting. Commissioner Peckham moved to approve the Minutes, Commissioner Beddow seconded the motion. Motion passed, Yesses 3, Noes 0.

FINANCIAL REPORT (Vernon Kreun)

Vernon Kreun presented the financials for the period ending September 30, 2017, the Commission's fiscal year end.

Cash & Investments: There was a decrease in funds from August to September due to September allocation of Public Housing Operating Subsidy and Family Self-Sufficiency grant funds not being drawn down until October and housing assistance payments increased for September.

Public Housing: Current residents owe the Commission \$4,941, the majority of this balance due is maintenance and other charges.

South Sycamore Estates: This property is showing a net gain as it has not had any vacancies during the fiscal year.

Housing Choice Voucher Program: The Unrestricted Net Asset (Admin Fee Reserve) ended the fiscal year with an \$80,173 loss. The HUD-held reserve was at \$1,062,201 for September 30th. Staff anticipates this balance will decrease as the monthly disbursement was increased for the months of July-September to account for the increase in Annual Budget Authority for Calendar Year 2017. The monthly disbursements will decrease in October which will necessitate the utilization of HUD-held reserves to cover monthly HAP costs.

Family Self-Sufficiency: This program experienced a decrease in funds due to write-off of special needs funds and installation of additional fire alarms to meet State Code for the child care.

General Operating Fund: There was an increase in this fund of \$28,149 for the month of September.

Consolidated: There was a gain of \$61,680. After consideration of depreciation the year-to-date gain was approximately \$3,600.

Occupancy Report (Karl Fulmer and Dianne Hovdestad)

Dianne Hovdestad reviewed the Occupancy Report provided in the Board Packet. She noted that ten Veterans Administration Supportive Housing vouchers have issued and the veterans are searching for suitable housing.

Karl Fulmer reviewed the anticipated need for housing assistance payment funding for the remainder of the calendar year and anticipated HUD-held reserve.

Family Self-Sufficiency Report (Karl Fulmer for Lisa Bartell)

Karl Fulmer reviewed the charts provided in the Board Packet. He stated that this program is performing well. The participant escrow balance is over \$111,000.

Commissioner Peckham moved that the Monthly Reports be approved as presented, Commissioner Beddow seconded the motion. Motion passed, Yesses 3, Noes 0.

AHS Report (Karl Fulmer)

Karl Fulmer reviewed the October 31, 2017 Director of Housing Development written report. Karl reported that the contractor is working to complete 4 houses. There are 2 houses that are schedule for closing within the next few weeks. Karl also reported that the "CTE" house on St Paul has not had any work done on it "for a while".

Karl informed the Commission that the first phase of Field of Dreams should be ready for occupancy November 20, 2017. Karl stated that he is working with the construction loan lender on ??????????.

Karl informed the Commission that, at First Premier Bank's request, he ran the numbers to convert this project to long-term rentals rather than homeownership. He determined that long-term rental is not an option as the project would not generate enough income to all parties whole. The only viable option is to sell these units as condominiums.

Karl advised the Commission that the Deed Restrictions required by the funders complicate the purchasers' loan as community banks want a 5-year loan term and the Deed Restriction requires a 10 year restriction on selling. This will make reselling the unit challenging before the 10 year period expires.

Karl stated that AHS will have to cover approximately \$60,000 as Wayne made some bad assumptions on the Wells Fargo grant which AHS had received for this project.

Karl informed the Board that AHS withdrew its Low Income Housing Tax Credit application to South Dakota Housing Development Authority (SDHDA) as there were concerns on its ability to secure a construction loan at this time. SDHDA staff provided assurances that it would not affect future applications if application was withdrawn prior the award.

Discussion followed on Field of Dreams.

Commissioner Beddow moved that the AHS report be approved as presented. Commissioner Wiederrich seconded the motion. Motion passed, Yesses 3, Noes 0.

Executive Director's Report (Karl Fulmer)

Karl Fulmer reported all properties owned and/or managed by SFHRC are 100 percent occupied as of October 1, 2017. The exception being the one Public Housing unit that is off-line for extensive pest extermination and modernization.

There are some move-outs scheduled for October 31, 2017 due to mutual lease terminations based issues with other residents or property neighbors. Staff is in the process of re-renting those units.

Commissioner Peckham moved the Executive Director's Report be approved as presented. Commissioner Beddow seconded the motion. Motion carried, Yesses 3, Noes 0.

Administrative Items

Karl Fulmer stated that in order to resolve some of the Findings from HUD's Compliance Review completed in September 2017, staff was presenting Resolutions setting forth the Commission's write-off policies for various programs administered by the Commission. These Resolutions included the following programs: Public Housing, South Sycamore Estates, United Way Security Deposit Revolving Fund and Family Self-Sufficiency's Special Needs Funds.

Commissioner Wiederrich moved approval of the above reference Resolutions as presented. Commissioner Peckham seconded the motion. Motion carried Yesses 3, Noes 0.

Karl presented a Resolution for the disposition of Commission assets. Commissioner Peckham moved to approve the Resolution as presented. Commissioner Beddow seconded the motion. Motion carried, Yesses, 3 Noes 0.

Karl presented information on the cost and option for renewal of the Commission provided health insurance. Karl stated that the fiscal year 2018 budget included a 12.5 percent increase for health insurance. The actual increase is 1.12 percent. Karl stated that the Affordable Care Act now requires that employer provide a second option for employees. He will schedule a meeting for the employees to discuss the options with the provider.

Commissioner Peckham moved the Commission approve the 1.12 percent increase in the health insurance premium and have a meeting with the employees. Commissioner Beddow seconded the motion. Motion carried, Yesses 3, Noes 0.

Other Business

Review of HUD Compliance Letter: Karl reported that staff has reviewed the HUD Compliance letter and does not agree with all the Findings. He further stated that he will be submitting a response by the HUD imposed deadline.

Proposed Policy Changes: Karl reported that staff will be working on changes to administrative policies in order to resolve Findings from the HUD Compliance Review. These changes will be presented at future Commission meetings for consideration.

Hiring of Staff: Karl reported that he is accepting applications for the vacant Housing Specialists position. He stated that it's possible that one or more applicants may qualify for the Executive Assistant position. Karl anticipates adjusting vacant AHS' Development Director position to a Housing Development Coordinator position which would concentrate on grant writing and be less involved in the construction activities. Karl stated that he will be taking an active role in the construction process, such as reviewing Construction contracts, etc.

The Commission moved into Executive session at 8:35 to discuss personnel and legal issues.