



*A dynamic, world-class County delivering
excellence every day providing the
foundation of a vibrant community*

Housing & Redevelopment Authority (HRA)

Government Center
151 4th Street SE
Council/Board Chambers
Rochester, MN 55904
Tuesday, June 20, 2023 4:00 PM

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY MEETING LINK

[Join Microsoft Teams Meeting](#)

AGENDA

1. CALL TO ORDER

2. CONSENT AGENDA

- a. May 16, 2023, HRA Board Meeting Minutes
- b. River's Edge Roofing Repair Project

3. DISCUSSION/DECISION ITEMS

- a. Financial Support for Mayowood II Project
- b. Authorization of staff to submit the MN Housing Consolidated RFP application for Mayowood II Low Income Senior Housing project
- c. Memorandum of Understanding between Family Promise Rochester and Olmsted County Housing and Redevelopment Authority to operate a family shelter facility.

4. REPORTS

5. ADJOURN

**OLMSTED COUNTY,
MINNESOTA**

Request for Action

AGENDA DATE: June 20, 2023

COUNTY BOARD DATE:

REQUEST BY: Dana Sigrist, HRA/Housing

STATE ITEM OF BUSINESS: May 16, 2023, HRA Board Meeting Minutes

BACKGROUND: Staff is requesting approval of the May 16, 2023 HRA Board Meeting minutes.

ACTION REQUESTED:

Approval of May 16, 2023, HRA Board Meeting Minutes

ATTACHMENTS:

A. May 16, 2023 HRA Board Meeting Minutes



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Housing & Redevelopment Authority (HRA)

Government Center
151 4th Street SE
Council/Board Chambers
Rochester, MN 55904
Tuesday, May 16, 2023 4:00 PM

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY MEETING MINUTES

MINUTES

1. CALL TO ORDER

2. CONSENT AGENDA

- a. April 18, 2023, HRA Board Meeting Minutes
Thein moved; Kiscaden seconded Approve:
Motion: 6 to 0

<p>AYES: Thein, Wright, Kiscaden, Mueller , Rossman, Senjem NAYS: None RECUSE: None ABSENT: Rhiger, Podulke-Smith</p>

- b. Bridges Rental Assistance Board Resolution
Thein moved; Kiscaden seconded Approve:
Motion: 6 to 0

<p>AYES: Thein, Wright, Kiscaden, Mueller , Rossman, Senjem NAYS: None RECUSE: None ABSENT: Rhiger, Podulke-Smith</p>

- c. Accept donation of land for Mayowood II affordable senior housing project
Thein moved; Kiscaden seconded Approve:
Motion: 6 to 0

<p>AYES: Thein, Wright, Kiscaden, Mueller , Rossman, Senjem NAYS: None RECUSE: None ABSENT: Rhiger, Podulke-Smith</p>

- d. Sale of 1118 5th Avenue SE, a tax-forfeited property, to First Homes Properties to provide affordable housing opportunities.

Thein moved; Kiscaden seconded Approve:

Motion: 6 to 0

AYES: Thein, Wright, Kiscaden, Mueller , Rossman, Senjem

NAYS: None

RECUSE: None

ABSENT: Rhiger, Podulke-Smith

3. DISCUSSION/DECISION ITEMS

- a. Update from Coalition for Rochester Area Housing.
JoMarie Morris from the Coalition for Rochester Area Housing provided an update on the money supplied by Olmsted County to the Coalition. The presentation is outlined in May 16, 2023, HRA Board Packet.

- b. Approve Resolution Concerning Landlord Letter of Consent from U.S. Health Resources and Services Administration

Thein moved; Kiscaden seconded Approve:

Motion: 6 to 0

AYES: Thein, Wright, Kiscaden, Mueller , Rossman, Senjem

NAYS: None

RECUSE: None

ABSENT: Rhiger, Podulke-Smith

Tom Canan informed the HRA Board that Zumbro Valley Health Center has indicated it wishes to expand the facility constructed in 2013 at 343 Woodlake Drive which is owned by Olmsted County Housing and Redevelopment Authority. The space would add group space and provide evidence based group facilitation and skills training for some of its patients.

HRA Board approved consent for Zumbro Valley to apply for bond funding for building expansion.

- c. Closed Session of HRA Board to discuss Property Acquisition
 Wright moved; seconded Adopted:
 Motion: 6 to 0

AYES: Thein, Wright, Kiscaden, Mueller , Rossman, Senjem
NAYS: None
RECUSE: None
ABSENT: Rhiger, Podulke-Smith

4. CLOSED SESSION

The HRA Board discussed the purchase of 2206 11th Ave SE during the closed session for a purchase price of \$650,000. The current owners have asked for a closing date of the end of August 2023.

The HRA Board approved (5-1) the purchase of 2206 11th Ave SE for the price of \$650,000.00 with a closing date in late August.

AYES: Wright, Kiscaden, Mueller , Rossman, Senjem
NAYS: Thein
RECUSE: None
ABSENT: Rhiger, Podulke-Smith

4 REPORTS

5 ADJOURN

**OLMSTED COUNTY,
MINNESOTA**

Request for Action

AGENDA DATE: June 20, 2023

COUNTY BOARD DATE:

REQUEST BY: Mark Engel, HRA/Housing

STATE ITEM OF BUSINESS: River's Edge Roofing Repair Project

BACKGROUND: This item has been reviewed and approved by the HRA Admin Committee on June 6, 2023.

River's Edge Apartments is a 39-unit Mixed Income housing project at 33 13 1/2 Street NW, Rochester Minnesota, owned by the Olmsted County Housing and Redevelopment Authority. The property sustained roof damages during the summer storms of 2022. Olmsted County Staff has engaged with our insurance provider to inspect and determine that roofing system replacement (shingle replacement) for the damage sustained to the building and garage complex is the appropriate action. The project will have all shingles and associated underlayment materials replaced according to the specifications provided for in our insurance documents. The project is being bid through the Olmsted County Request For Bid Process (RFB). The project is part of an insurance claim in which Olmsted County Housing and Redevelopment Authority will receive compensation from our insurance provider less our deductible expense. The RFB bidding process closes on May 31, 2023. Construction is expected to be completed during the 2023 construction season.

This project is being paid for by HAI Insurance as the roof was damaged due to hail during the summer of 2022. Our portion of the project is the insurance deductible, which is fixed at \$73,105.53. However, to ensure the process is completed according to County/HRA guidelines, we went through a competitive bidding process for the repairs.

On May 9, 2023, the project was issued on the electronic bidding site. There was a pre-bid meeting held on May 18, 2023. The following bids were received on May 31, 2023.

<u>Vendor</u>	<u>Base Bid</u>
Priority Construction Services (Ag Pros II LLC)	\$134,711.00
All Craft Exteriors, LLC	\$144,900.00
Equity Builders Co., Inc.	\$174,630.00
Norse Valley Construction, LLC	\$212,228.44

It is requested that the base bid be awarded to the Low Responsible Bidder Equity Builders Co., Inc. for a total of \$174,630 for roof repairs at Rivers Edge Apartments. Staff is requesting to be authorized to approve change orders up to 20% (\$34,926.00) of the project total and approve supporting resolution.

ACTION REQUESTED:

Approval of the Low Responsible Bid for the River's Edge Roofing Repair Project and Award OCHRA Roof Repair at Rivers Edge to Equity Builders Co., Inc. \$174,630.00 and authorize change order authority for the project manager of 20% (\$34,926.00) of the project total and approve supporting resolution as follows.

ATTACHMENTS:

A. Resolution 23.12 Rivers Edge Roof Repair

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

RESOLUTION 23-12

Award funding for River's Edge Apartments Roof Repair

WHEREAS, the Olmsted County Housing and Redevelopment Authority, herein referred to as "the HRA" owns and operates the Westwood Townhomes, and;

WHEREAS, the River's Edge Apartments is a 39-unit Mixed Income housing project at 33 13 1/2 Street NW, Rochester Minnesota, owned by the Olmsted County Housing and Redevelopment Authority, and;

WHEREAS, the roofs at River's Edge Apartments were damaged by wind and hail storms during 2022, deeded by our insurance company in need of repair, and;

WHEREAS, the insurance company shall pay for the damage with the exception of the deductible, which is 1% of the replacement cost of the property, and;

WHEREAS, the Olmsted County HRA solicited competitive bids for roof repairs at River's Edge Apartments, RFB2023-119 HRA Roof Replacement at Rivers Edge, and;

WHEREAS, the projects to be completed include total replacement of roof shingles Rivers Edge Apartment and garage.

WHEREAS, the HRA received four bids which the apparent lowest responsive, responsible bid was \$174,630.00 by Equity Builders, Co., Inc.

WHEREAS, the HRA has approval to accept change orders up to 20% of the total cost or \$34,926.00

NOW THEREFORE BE IT RESOLVED, the Olmsted County Housing and Redevelopment Authority Board of Commissioners hereby approves the bid by Equity Builders, Co., Inc. for the amount of \$174,630.00 to repair the roofs at the River's Edge Apartments.

Gregory C Wright, Board Chair
Olmsted County HRA

Dated: _____, 2023

ATTEST:

Tania Rhiger, Secretary HRA Board of Commissioners

Dated: _____, 2023

**OLMSTED COUNTY,
MINNESOTA****Request for Action**

AGENDA DATE: June 20, 2023

COUNTY BOARD DATE:

REQUEST BY: Mark Engel, HRA/Housing

STATE ITEM OF BUSINESS: Financial Support for Mayowood II Project

BACKGROUND: This item has been reviewed and approved by the HRA Admin Committee on June 6, 2023.

The Olmsted County Housing & Redevelopment Authority (HRA) has been developing a response to the Multifamily Consolidated Request for Proposals (RFP) released by Minnesota Housing for the development of 36 units of affordable housing for very low and extremely low-income seniors age 55+. This is Phase 2 of the Mayowood development, located on the site of the former Conrad Baars house at 1001 Mayowood Road. Phase 1 was awarded housing infrastructure bonds in 2020 and developed and owned by Center City. This is a highly competitive annual process for tax credits or housing infrastructure bonds, requiring several levels of community support from the County, City, and local organizations to put forward an application that scores well.

The Mayowood II project addresses barriers identified in the Olmsted County Housing Needs Study and Senior Housing Community Co-Design project by creating rental housing options for seniors below 50% AMI. As presented in previous discussions with the HRA Board it has been anticipated that a financial contribution by the HRA to maximize our scoring potential would be part of our submittal action. We request that the Olmsted County Housing and Redevelopment Authority authorize a cash grant or deferred loan not exceeding \$350,000. The Board recognizes that a deep level of subsidies is necessary to build and serve this vital population and believes that the community support for this program from the County, The HRA, The City, and the Coalition for Rochester Area Housing make the added financial support an asset to long-term investment in the community.

ACTION REQUESTED:

Recommend authorization of a cash grant or deferred loan not to exceed \$350,000 to support the Mayowood II Project with funds from HRA Levy reserves.

ATTACHMENTS:

A. Resolution 23-11

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

RESOLUTION 23-11

Approve Financial Assistance for the 55+ Affordable Development at Mayowood II

WHEREAS, the Olmsted County Housing and Redevelopment Authority (“the HRA”) intends to submit an application for funding to Minnesota Housing for the development of a 55+, affordable multi-family development at the Mayowood II site; and,

WHEREAS, the HRA wishes to improve the rental housing stock and increase the supply of affordable rental housing available to low income households; and,

WHEREAS, the Authority goals for the program are to contribute to the upgrading and long-term viability of the County’s housing stock; increase the supply of affordable housing and location choice for low income households; integrate housing and supportive services; and promote the coordination and leveraging of resources; and,

NOW, THEREFORE, BE IT RESOLVED by the Olmsted County Housing and Redevelopment Authority Board do hereby authorize the use of HRA levy to support 36 units of housing with a cash grant or deferred loan amount not to exceed \$350,000 to support the Mayowood II MN Housing Consolidated RFP Application

Gregory C. Wright, Board Chair
Olmsted County Housing and Redevelopment Authority

Dated: _____, 2023

ATTEST:

Tania Rhiger, Secretary HRA Board of Commissioners

Dated: _____, 2023

**OLMSTED COUNTY,
MINNESOTA**

Request for Action

AGENDA DATE: June 6, 2023

COUNTY BOARD DATE:

REQUEST BY: Mark Engel, HRA/Housing

STATE ITEM OF BUSINESS: Authorization of staff to submit the MN Housing Consolidated RFP application for Mayowood II Low-Income Senior Housing project

BACKGROUND: This item has been reviewed and approved by the HRA Admin committee on June 6, 2023.

Over the past several months, Olmsted County Housing staff have been working with the HRA Board and other community partners to put together a Minnesota Housing funding application for the Mayowood II Apartments. The project is a 36-unit senior housing project. Olmsted County Housing staff has provided information to the board and to seek input and approval for topics such as Donation of the land from Olmsted County to the HRA, Payment in Lieu of Taxes, and obtaining Rental Assistance for the property.

Staff is working with our consulting partner Ripley Richards to put together a financial model for the Mayowood Phase II project. While the application is our best estimate on the finances of the project, these estimates are the first attempt on putting the best information on the financial projections of the project.

Generally, there are three types of income sources and uses in a project. They are the developer's fee, annual operating income (also called cash flow), and maintenance/replacement reserve. The purpose of this memo is to provide financial estimates on each of these three areas.

Developer Fee—The developer fee is the amount of funding paid to the developer for bringing the units onto the market. The developer fee is the primary income source for affordable housing developers. The developer fee is approximately 7% to 15% of the total development cost. (This is a different model from market-rate housing, where the main income stream comes from the annual cash flow of the property.)

For the Mayowood II project, staff recommends a developer fee in the range of \$750,000 to \$1 million.

Annual Operating Income—Minnesota Housing underwrites projects to maintain a small, but positive cash flow through the 15-year compliance period. This cash flow is after the repayment of any debt on the property, along with funding maintenance and replacement reserves outlined on the next page.

The finance and Housing Department anticipate an average annual cash flow of approximately 15,000 for the compliance period.

Maintenance/Replacement Reserves—There have been questions about how the property will be able to handle maintenance costs associated with operation. Everyday maintenance is covered through the annual expenses of the project. Currently, we are budgeting \$70,000 in our maintenance budget for year 1 (totaling over \$1.3 million in our annual maintenance budget over the 15-year compliance period).

In addition, Minnesota Housing mandates a replacement reserve be incorporated into the rent structure of the property. Right now, based on the number of units, the replacement reserve would be \$200,000 and approximately \$10,000 would be added annually. Staff is seeking to increase that number through the underwriting process. *In total, the proposed project budget allocates over \$1.5 million to maintain the property over the compliance period.*

Post Compliance Period—Minnesota Housing mandates we put together a plan to ensure the property maintains a positive cash flow for 15 years. The compliance period for the property is generally 20 years (this may vary slightly depending on the final funding source). After that compliance period, all deed and income restrictions are removed from the property. At that time, there are three options the future HRA board would have to maintain property operations.

1. Sell the units—At the end of the compliance period, the owner (HRA) can sell the apartments and use the proceeds for future affordable housing needs.
2. Rehab the units—It is likely that some work will be needed for the apartments after 20 years. Many projects go back in for Minnesota Housing assistance after their initial compliance period. This funding would pay for any significant maintenance needs of the building. In return for the funding, the HRA (or property owner) would agree to income restrictions for another 15 years.
3. Maintain current operations—Maintain the status quo. If the status quo remains, it is likely the cash flow from the property will increase significantly.

Below is a summary of our community requests, and the timeline for them.

Olmsted County Housing and Redevelopment Authority Rental Assistance - On March 21, the Olmsted County Housing and Redevelopment Authority Board approved rental assistance for the Mayowood II Senior Housing Project

Olmsted County Board Land Donation—On May 2, The Olmsted County Board approved the donation of the property from Olmsted County to the HRA, with a value of \$485,000.

City of Rochester—On May 15, the City Council approved a letter of support for the Mayowood II Project as required by the application process.

Olmsted County Housing and Redevelopment Authority Land Donation— on May 16, the Olmsted County Housing and Redevelopment Board accepted the Land Donation from Olmsted County for the Mayowood II Senior Housing Project.

Coalition for Rochester Area Housing—The Housing Department will be requesting \$540,000 from the Coalition for Rochester Area Housing. This request included \$15,000 a unit for each unit at 50% AMI (16) and \$15,000 a unit for each unit serving

30% AMI (16). The Coalition Leadership Council will decide on funding at the June 1 meeting. At the time of writing, this meeting has not occurred.

City of Rochester—On June 5, we are requesting the City Council \$363,000 in fee waivers from the City of Rochester. Here is an estimated breakdown of the requests. At the time of writing, this meeting has not occurred.

- Parkland Dedication \$181,000
- Plant Investment Fee \$102,600
- Other City Fees \$17,800
- Building Permit Fees \$61,600

Olmsted County Board Payment In Lieu of Taxes— on June 20, will be requesting the Olmsted County Board to approve Payment in Lieu of Taxes for the Mayowood II Project.

Olmsted County Housing and Redevelopment Authority—On June 20, the full HRA board will be taking final action on our request to submit the funding application for Mayowood II. In addition, the HRA Board has approved rental assistance for the property.

ACTION REQUESTED:

Approval to submit the funding application for Phase II of the Mayowood Apartments to Minnesota Housing for the 2023 Consolidated RFP.

ATTACHMENTS:

- A. Mayowood II PowerPoint

Minnesota Housing Funding: Mayowood II Presentation

Olmsted County HRA Board
June 20, 2023



Mayowood II Project Overview

1 PHASE II - SOUTH ELEVATION
1/8" = 1'-0"



Who Are We Serving?



**Low-Income
Senior
Residents**



36 Units

18 at 50% AMI

18 at 30% AMI



Unit

Breakdown

30 1-Bed Units

(3 Fully Accessible)

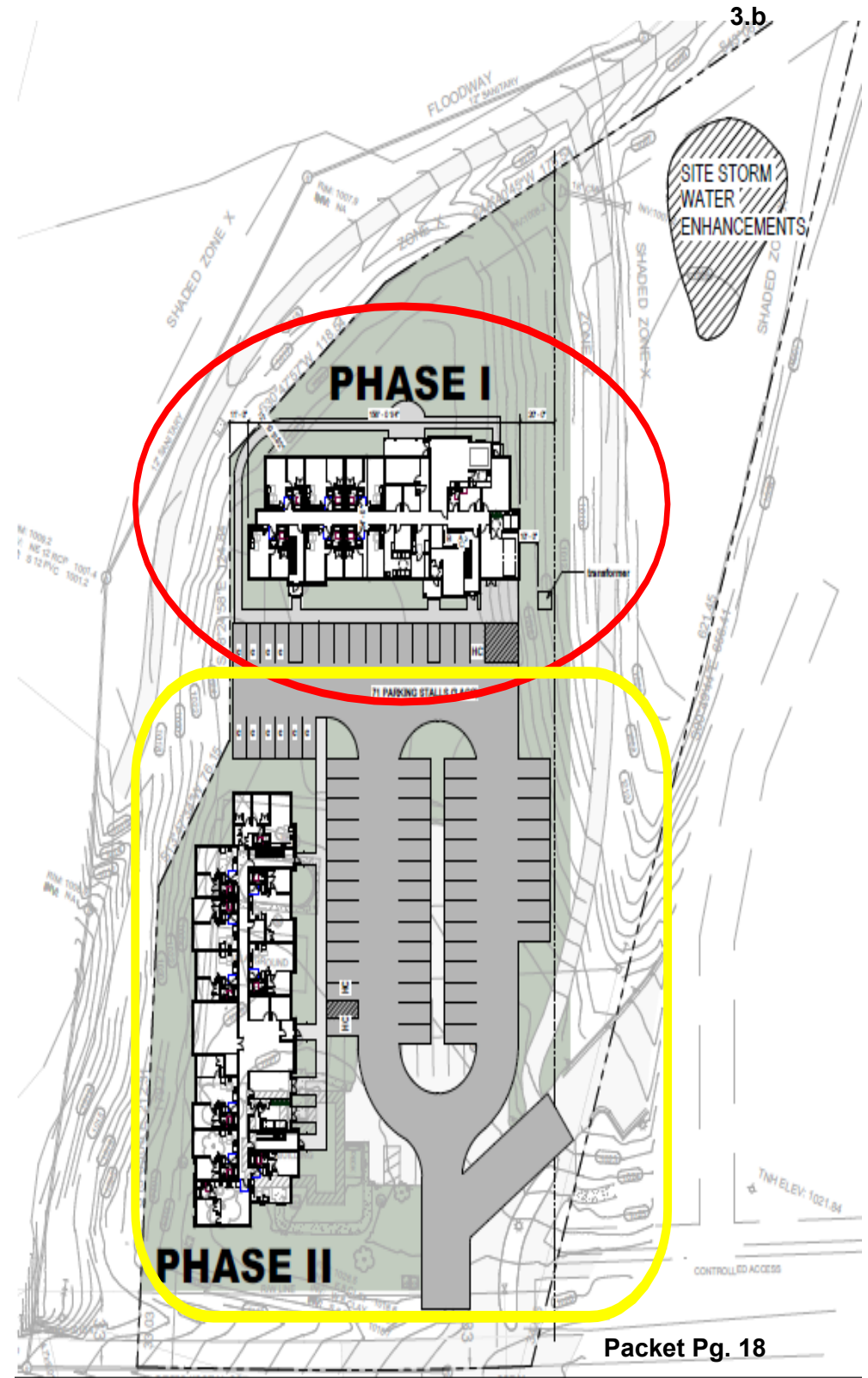
6 2-Bed units

(3 Fully Accessible)



**Seven Units
Serving High
Priority
Homeless**

Approved Mayowood Site Plan



Conditional Use Permit Restricted Development

- Preliminary Development Plan CD2020-011CUP June 1, 2020
- Final Development Plan Phase I CD2020-023CUP Aug 17, 2020

Mayowood
Apartments

Mayowood II
will look
similar



Building Details

Three Stories

Laundry, trash chutes each floor

Common areas each floor

Main floor mail room, sitting area

Community room with kitchenette

All units with Universal Design

Preliminary Elevations for Mayowood II



HASE II - SOUTH ELEVATION
P.11



HASE II - EAST ELEVATION
P.12

DRAFT Building Plan





Minnesota Housing Funding 101

Consolidated RFP Overview

MN Housing Funding 101

State and Federal funds to create affordable housing units

- Tax Credits
- Housing Infrastructure Bonds
- Deferred Loans
- Homeownership Programs

Funds are awarded through the Consolidated RFP

- Two competitive areas:
Metro area and Greater MN

Consolidated RFP

Annual process to receive development funding from MN Housing

2023 Timeline

- April 12 RFP made available
- July 13 Applications due
- Dec 15 Funding awards finalized

Highly competitive process

- Typically Only 1/3 of applications are funded annually
- **2022 – 2023 Senior projects submitted 8, scored from 80 – 119 (Mayowood II Scored 105 #3) only one project funded**

Mayowood II - 36 Units

One Scoring Example

(out of 48
categories)

- Permanent Supportive Housing for High Priority Homelessness
 - 50% to 100% of units (must be 20 units) (30 points)
 - 10% to 49.9% of units (must be 7 units) (10 points)
 - 5% to 9.9% of units (must be at least 4 units) (7 points)
- Mayowood II chose 7 units for High Priority Homeless
 - Minimum requirement to get 10 points (7 of 36 units/19% total units)

MONOPOLY



PRECIOS DE ALQUILERES	
VIA AUGUSTA	
ALQUILERES #98	
Con 1 Casa	M150
Con 2 Casas	M450
Con 3 Casas	M1000
Con 4 Casas	M1200
Con HOTEL	M1400
Valor de la Hipoteca #160	
Cada Casa cuesta M200	
Cada Hotel cuesta M200 más 4 Casas	
<small>Si un jugador posee todas las casillas de un grupo de color, el precio del alquiler se duplica en las casillas sin edificar de ese grupo.</small>	
<small>© 1974, 1988 HASBRO</small>	

Think of it as a Game

like Monopoly, the game goes on for a long time

Mayowood Phase II Project Timeline

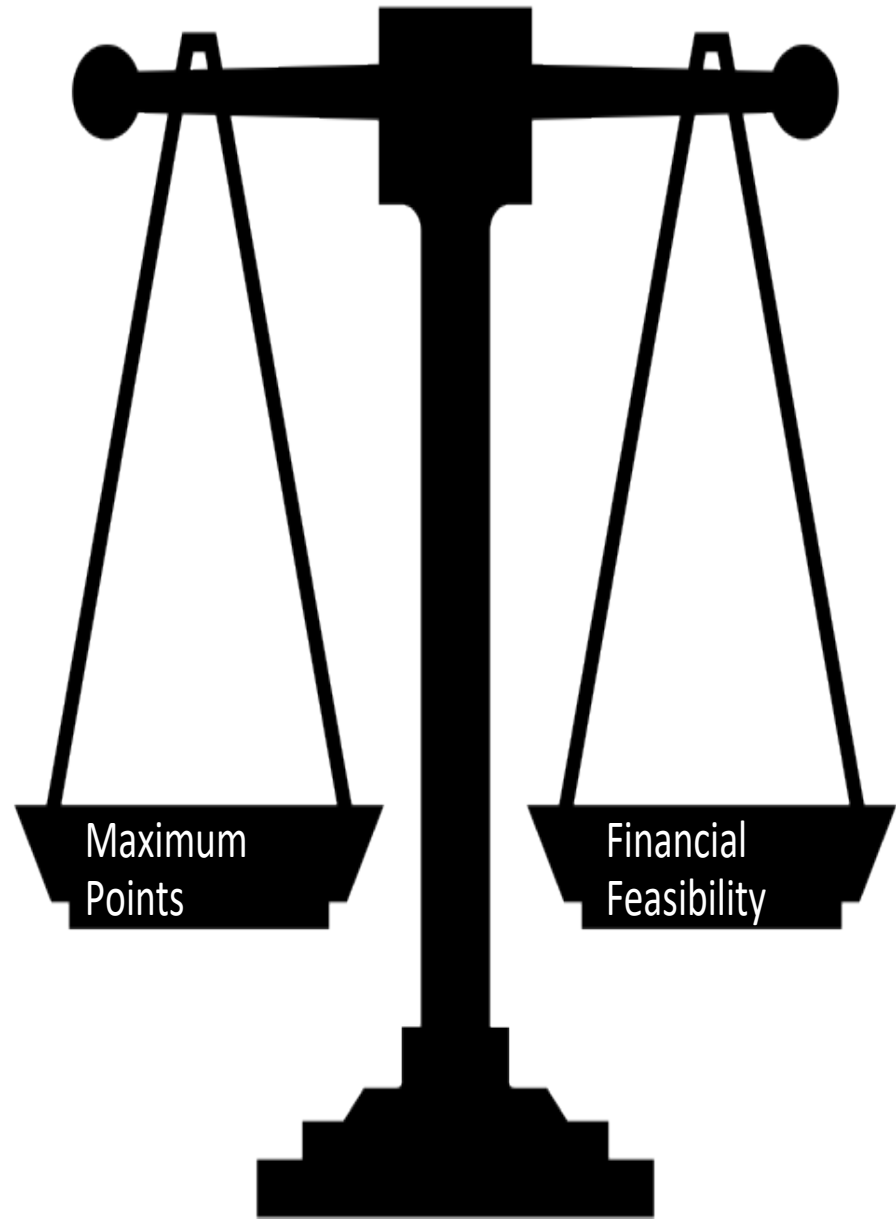


Typical affordable housing projects take 2-3 years to complete



Everyone
chases points

...and a
Balancing
Act



A project must balance scoring and financial feasibility

Scoring Categories

- Target population (large families, homelessness, seniors)
- Serve lowest incomes for longest duration
- Increasing Geographic Choice (Location)
- Supporting Community and Economic Development
- **Efficient use of scarce resources and leverage**
- Building Characteristics

Bold represents criteria where local funders have direct influence

Efficient use of scarce resources and leverage

Scoring Availability in two areas (26 points total)

- Financial Readiness to Proceed/Leveraged funds
- Other Contributions

Financial Readiness to Proceed (16 points)

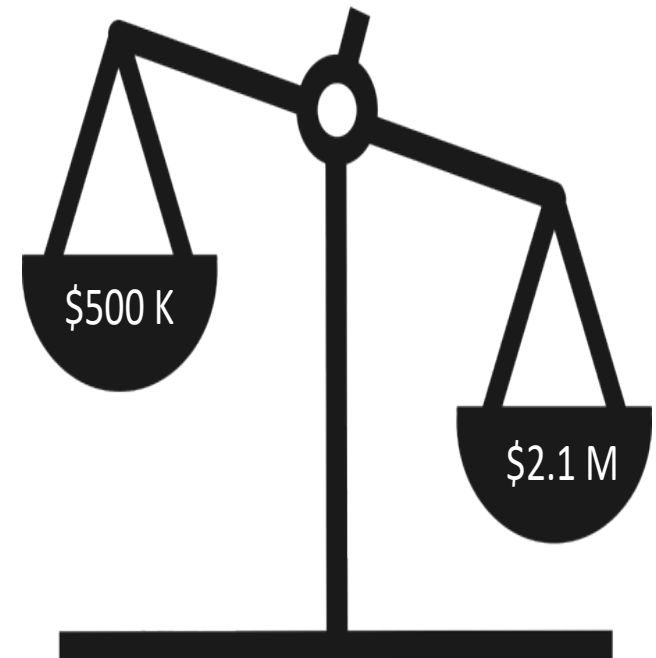
- Gap Financing, Grants, TIF, Tax Abatement, PILT (or PILOT)
- Must equal 10.6% of total development cost for 16 points

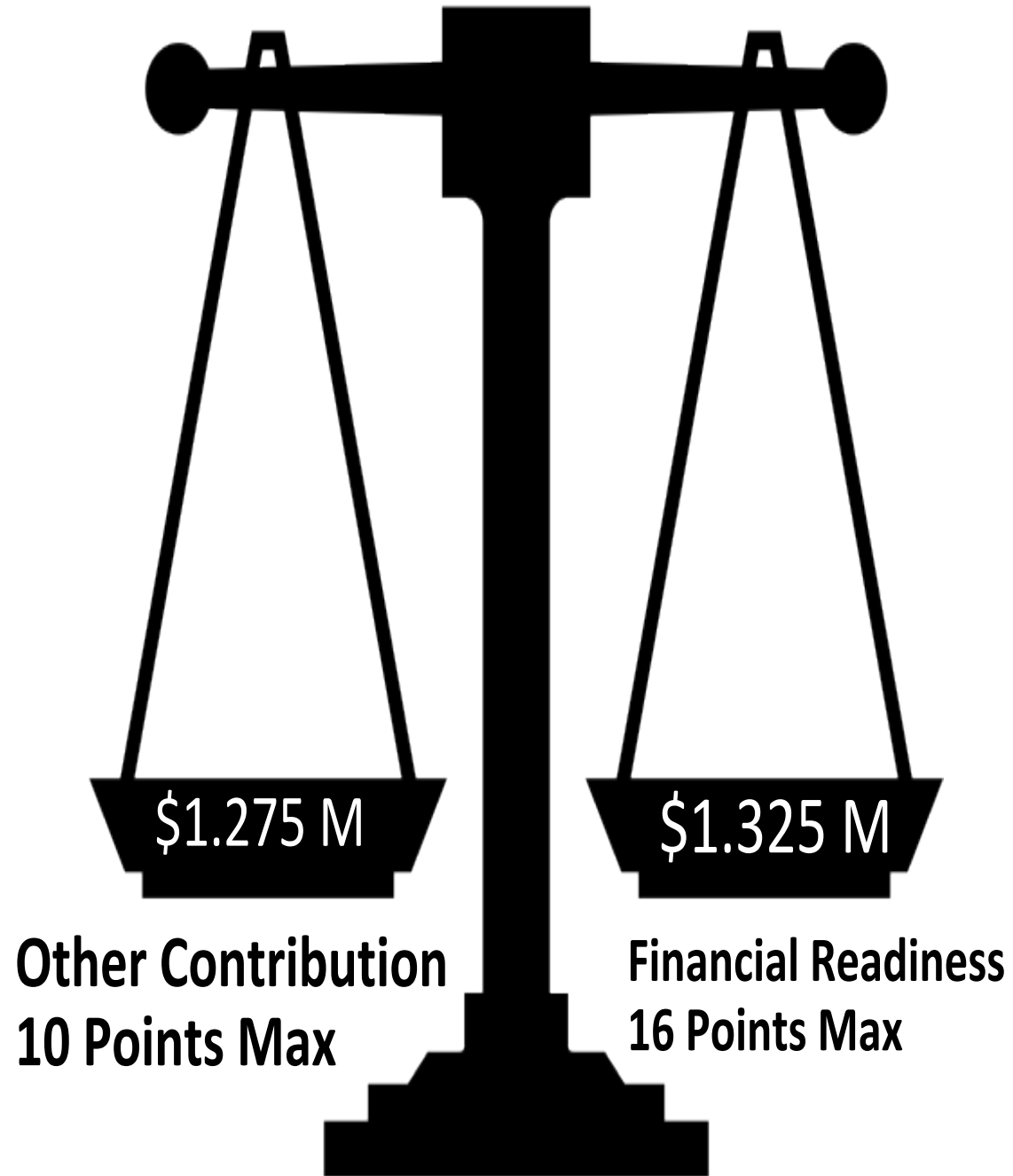
Other Contributions (10 points)

- Fee Waivers, Land Donations, In-kind contributions
- Must equal 10.2% of total development cost for 10 points

Mayowood II Example

- Estimating a \$12.5 million project
- Goal is \$2.6 million in Two “Buckets”
 - “Community Support” or “Other Contributions” 10.2% = \$1.275 million
Value of land donation, waived fees, etc.
 - “Financial Readiness” 10.6% = \$1.325 million
Value of local donations – Coalition, TIF, PILOT, etc.
- As a reminder...
 - More in one bucket doesn’t accommodate less in the other





City of Rochester Fee Waiver Recommendation

• Parkland Dedication	\$180,762	Waived
• Plant Investment Fee	\$102,600	\$51,300 (1/2 Waived)
• Building Permit Fees	\$ 61,550.02	\$30,775.01 (1/2 Waived)
• Sewer Access Charge	\$ 5,082.05	\$ 2,541.03 (1/2 Waived)
• Water Access Charge	\$ 5,082.14	\$ 2,541.07 (1/2 Waived)
• Stormwater Fee	\$ 6,278.71	\$ 3,139.36 (1/2 Waived)
• Application Fees	\$ 1,900	Waived
• Total Fee Waiver Request:	\$363,255	
• Total Fee Waiver Recommended	\$363,255	\$272,958.81

Mayowood II Funding Requests

Financial Readiness to Proceed

- Coalition Request \$540K
- Estimated PILOT \$270K
- HRA Bridge Loan Tax Rebates \$223K
- **Other Funding \$300K**
- ***Estimated Total \$1.333M***
- ****Estimated Score 16 of 16***

Other Contributions

- Olmsted County Land \$485K
- OC In-kind Infrastructure \$138K
- **Rochester Fee Waivers \$272K**
- ***Estimated Total \$895K***
- ****Estimated Score 6 of 10***

Developer Fee

The developer fee is the amount of funding paid to the developer for bringing the units onto the market. The developer fee is the primary income source for affordable housing developers. The developer fee is approximately 7% to 15% of the total development cost. (This is a different model from market rate housing, where the main income stream comes from the annual cash flow of the property.)

- For the Mayowood II project, staff recommends a developer fee in the range of \$750,000 to \$1 million

Developer Fee	\$950K
OCHRA Contribution	(\$300)
=====	
OCHRA Estimated Net Profit	\$650K

Overarching Objectives

Funding is highly competitive

- Nobody knows how many points you need for funding

Developers need to maximize their points

- No use in “over-subsidizing” in any scoring category

We need to help developers maximize their points for projects we support

- Rochester/Olmsted County is competing for affordable housing developers
- Developers are looking for places where they can score well

Community Approval Process



It Takes a Village

Mayowood II Project Review Agencies

- OCHRA - March 31st
 - Rental Assistance ✓
- Olmsted County – May 2nd
 - Land Donation ✓
- City of Rochester – May 15th
 - Letter of Support ✓
- OCHRA– May 16th
 - Land Donation Acceptance ✓
- Coalition for Rochester Area Housing– June 1st
 - Cash Assistance ✓
- City of Rochester – June 5th
 - Fee Waivers ✓
- OCHRA – June 20th
 - Final approval to submit app

Questions/Comments/Discussion

**OLMSTED COUNTY,
MINNESOTA****Request for Action**

AGENDA DATE: June 20, 2023

COUNTY BOARD DATE:

REQUEST BY: Dave Dunn, HRA/Housing

STATE ITEM OF BUSINESS: Memorandum of Understanding between Family Promise Rochester and Olmsted County Housing and Redevelopment Authority to operate a family shelter facility.

BACKGROUND: This item has been reviewed and approved by the HRA Admin Committee on June 6, 2023.

The HRA closed on the property at 1621 10th St. SE on May 4, 2023. Since that time, we have been working on developing the two components necessary to make the building operational for a family shelter. Those two areas are building improvements and programming.

The building “as-is” is operational but not ideal. Staff hired Paul Armon to provide an architectural review of the building and to put together three proposals to enhance the facility. The conceptual proposals will do the following:

- Minimum Necessary—The first option would be to do the minimum amount of work necessary to make the facility operational. This category includes minor repairs to the heating system, a new water heater, painting, repairs to finishes and flooring along with some new appliances.
- Minor Modifications—This would include minor modifications to the building to enhance its functionality. Preliminary improvements in this area may include enhanced laundry facilities, a new bathroom in the basement, and the reconfiguration of two office spaces into living quarters.
- Optimal layout—This would reconfigure the first floor to maximize the floor space for the family shelter usage. This may also include egress windows to enhance the functionality of the basement level.

Once staff receives information on all three options, Housing staff, and Family Promise will work together to recommend an option moving forward as well as options for financing any building improvements. The HRA Board will make need to approve the final decision.

The staff has been working with Family Promise to serve as the facility operator. Family Promise is the only provider of family shelter services in Olmsted County. Currently, they operate the North Star House, with a capacity for 3

families. With such limited capacity, there is a significant waiting list for their services. Family Promise will be presenting to the HRA Board on its operational plans and expansion strategy.

The intent is for the HRA to be the landlord and for Family Promise to serve as the tenant in the new facility. As such, the HRA would be responsible to maintain the building, and Family Promise would hold a lease that provides them with access to operate. To start, staff recommends Family Promise lease the facility for \$0 annually.

Family Promise indicates the new facility may host up to 10 families. Family Promise is developing a fundraising and communications strategy to assist them in this transition. Staff will be providing technical assistance as needed to support their efforts. It is likely Family Promise will request additional County support for its operational needs. They are currently seeking funding from the State Office of Economic Opportunity for their enhanced operations.

Family Promise is asking for some assurance from the HRA Board that we intend to enter this partnership with them. Both parties believe this will help Family Promise in their fundraising efforts.

Family Promise and HRA Staff recommend entering an MOU with Family Promise that highlights our intention to partner on this new endeavor. The proposal outlines our intention to lease the facility to Family Promise, our intention to provide maintenance services for the building, and highlights that Family Promise would be responsible to operate and provide general maintenance for the facility.

ACTION REQUESTED:

Authorize Staff to enter into an MOU with Family Promise Rochester to operate a family shelter.

ATTACHMENTS:

A. Draft MOU between Olmsted County HRA and Family Promise

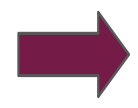


913 1st St NW

Our mission is to help low-income families and families experiencing homelessness achieve sustainable independence through a community-based response.

History

Previously known as IHN or interfaith hospitality network.



Started in 1999 as church rotation model.

National Affiliate, 200+ locations around the nation



North Star House



- The North Star House can house up to 3 families at a time
- Has 2.5 bathrooms, 2 staff offices, 3 bedrooms, kitchen, living room, dining room and playroom
- Must be in 3rd trimester of pregnancy or have children under the age of 18

Duplex

*In the summer of 2022 we started a partnership with Olmsted County and are now leasing this property to families in the FP program!

*This Duplex is considered transitional Housing (TH) or Scattered Site Shelter program and is a church partner and volunteer funded program administered by Family Promise Rochester (FPR) and Olmsted County Housing and Redevelopment Authority (OCHRA)



Life Skills Class



*Life Skills Class is held twice monthly and are required for families in shelter and optional for graduate families.

*Families are provided a meal and in the fall of 2022 five local restaurants partnered with us to provide these meals at no cost!

*Divide into three groups after supper—adult education, middle aged kids craft or activity and youngest supervised play

*We feel that these classes and feeling of community is what keeps families from falling back into homelessness.



Numbers in 2022



Waitlist

- Before 2020, consistently 12-15 on wait list
- 2020 on, 25-30+ on wait list
- Currently, 86% of waitlist are residents in Olmsted County

Demographics

11% Caucasian
54% Black or African American
19% Biracial or Multiracial
15% Undisclosed

59 Community Partners
89 Volunteers
50 Families Served
197 Unique Individuals Served

Average Family Size 4.77
Average Length of Stay 76.5 days



Partnerships

Community Partnerships:

- *United Way of Olmsted County
- *Mayo Clinic
- *Rochester Public Schools
- *Elks Lodge
- *Rochester Moms Demanding Action
- *Boys Scout/Girls Scout Troops
- *Rochester Area Foundation
- *Olmsted Medical Center
- *ABC–Ability Building Community
- *Scheels
- *Forager
- *Canadian Honker
- *Mr. Pizza North
- *Subaru of Rochester
- *Nupa
- *Five West
- *TerraLoco
- *Great Harvest Bakery

Church Partnerships:

- *Bethel Lutheran Church
- *Christ United Methodist Church
- *Gloria Dei Lutheran Church
- *Church of the Resurrection
- *Byron United Methodist Church
- *Rochester Covenant Church
- *Trinity Presbyterian Church
- *Redeemer Lutheran Church
- *Co-Cathedral of St. John the Evangelist
Catholic Church
- *Good Shepherd Lutheran Church
- *St. Pius X Catholic Church
- *Pax Christi
- *Peace United Church of Christ
- *Hosanna Lutheran Church
- *First Unitarian Universalist Church
- *St. Charles Borromeo Church
- *People of Hope Church



Finances/Budget

2022 Operating Budget \$225,000

Operating new facility at $\frac{1}{3}$ capacity: \$423,400 (3 families + 2 apartments, 4 FTE)

$\frac{2}{3}$ Capacity: \$627,400 (6 families + 2 apartments, 6 FTE)

Full Capacity: \$746,400 (8-10 families + 2 apartments, 8 FTE)

Educational Forum, April 2022



Family Fun Night Photos





Photos





Photos



Photos

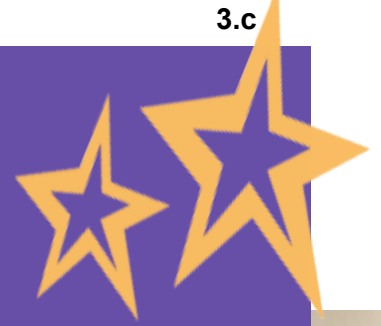


Photos





Photos



Photos





Question and Answer





Olmsted County Housing Department

2117 Campus Drive SE, Suite 300

Rochester, MN 55904

P: 507.328.7175

Olmsted County Housing Department and Family Promise

Memorandum of Understanding

This Memorandum of Understanding, effective July 1, 2023, through December 31, 2023, is an agreement between Olmsted County Housing Department and Family Promise regarding the property located at 1621 10th Street SE, Rochester, MN 55904.

Family Promise intends to lease the building at 1621 10th St. SE for the purposes of providing shelter for families experiencing homelessness. Olmsted County Housing Department intends to serve as the property owner for the facility.

The proposed partnership between Family Promise and Olmsted County Housing Department may have two components. The first will be a traditional property lease entered into by Family Promise to lease the facility at 1621 10th St. SE. The term of this lease will likely be 3-5 years in length and will allow Family Promise the security of knowing they can continue to operate the facility so long as they are meeting the lease terms and conditions.

Prior to entering into a lease agreement for the property, Family Promise will provide the Olmsted County Housing Department staff with an operational plan for the facility which shall include the following:

- a. Operational budget for the new facility including sources and uses of funds.
- b. Information about how families are selected for the Family Promise Program.
- c. Family Promise programs and procedures, including any program policies that may impact the use of the building.
- d. A transition plan for Family Promise to move into the new facility.

The second component will be any agreements between Family Promise and the Olmsted County Housing Department for funding to assist with the operations of the family shelter facility. Operational subsidies will be given on an annual basis as funding is available.

The intent of this agreement is to clarify each party's role in the property.

The Housing Department will:

1. Own and maintain the property located at 1621 10th Street SE, Rochester, MN 55904.
2. Provide all furniture in individual units including, bed, desk with chair, dresser, mattress. Provide and maintain three sets of washers and dryers.
3. Pay property insurance
4. Provide all lawn care, snow removal, and maintenance
5. Establish process for maintenance requests
6. Establish emergency contact for maintenance requests
7. Provide camera system for safety in the building
8. Participate in monthly meetings with Family Promise for property management related topics.

Family Promise will:

1. Pay all utilities associated with property
2. Follow process and timeline established by the Housing Department for maintenance requests
3. Follow process for requesting maintenance after hours and in emergencies
4. Manage the shelter program
5. Provide necessary data to Olmsted County Housing Department to satisfy funding expectations
6. Purchase and maintain small appliances and replace as needed
7. Provide and manage necessary linens, kitchenware, toys, etc to operate program
8. Provide for safety and security of building
9. Provide cleaning of the building
10. Notify the Housing Department of any reports to law enforcement or incidents in which law enforcement or emergency services responds to the property
11. Participate in monthly consultation meetings with the Housing Department for property management related topics.

Dave Dunn, Director

Date:

Olmsted County Housing Director

Erin Sinwell, Executive Director

Date:

Family Promise