

**NOTE: This is a
Teleconference**



**ROCK COUNTY HOUSING AUTHORITY MEETING
WEDNESDAY, MAY 5, 2021 – 9:00 A.M.
CALL: 1-312-626-6799
MEETING ID: 816 8661 7445
PASSCODE: 471587**

Join Zoom Meeting

<https://us02web.zoom.us/j/81686617445?pwd=dCswcVhTYXFIMmovc2RnYUIZaVNndz09>

Meeting ID: 816 8661 7445

Passcode: 471587

One tap mobile

+13126266799,,81686617445#,,,,*471587# US (Chicago)

+19292056099,,81686617445#,,,,*471587# US (New York)

Dial by your location

+1 312 626 6799 US (Chicago)

+1 929 205 6099 US (New York)

+1 301 715 8592 US (Washington DC)

+1 346 248 7799 US (Houston)

+1 669 900 6833 US (San Jose)

+1 253 215 8782 US (Tacoma)

Meeting ID: 816 8661 7445

Passcode: 471587

Find your local number: <https://us02web.zoom.us/u/kdil2wQ5wV>

Join by SIP

81686617445@zoomcrc.com

If you are interested in providing public comments on items on this agenda, you must submit your comments by noon on Tuesday, May 3, 2021. To submit a public comment use the following email: planning@co.rock.wi.us.

Join from a telephone:

- On your phone, dial the phone number provided above
- Enter the meeting ID number when prompted, using your dial-pad.
- Please note that long-distance charges may apply. This is not a toll-free number.
- Supervisors: Please identify yourself by name
- **Please mute your phone when you are not speaking to minimize background noises**
- We are new at holding meetings this way, so please be patient

Instructions for the hearing impaired –

<https://support.zoom.us/hc/en-us/articles/207279736-Getting-started-with-closed-captioning>



Agenda

ROCK COUNTY HOUSING AUTHORITY MEETING

WEDNESDAY, MAY 5, 2021 – 9:00 A.M.

CALL: 1-312-626-6799

MEETING ID: 816 8661 7445

PASSCODE: 471587

1. Call to Order
2. Adoption of Agenda
3. **Action Item:** Approval of Minutes of the Housing Authority Meeting held April 21, 2021 at 9:00 am
4. Citizen Participation, Communications and Announcements
5. **Action Item (Tabled from prior meeting):** Approve a \$300,000 Home Fund Loan for a 24 Unit Rental Rehab project in Edgerton. The project will be under the \$24,999 cap per unit as authorized in Policy and Procedures Manual (memo attached).
6. Discussion Regarding the Role of Housing Authority in Rock County
7. Suggestions for Future Meeting Topics
8. Discuss Future Meeting Schedule
9. Adjournment

Future Meeting Dates

To Be Determined



MINUTES

ROCK COUNTY HOUSING AUTHORITY COMMITTEE MEETING WEDNESDAY, APRIL 21, 2021 – 9:00 A.M. Meeting was teleconferenced using Zoom

The meeting of the Rock County Housing Authority Committee was called to order at 9:00 a.m. on Wednesday, April 21, 2021. Chair Grahn presided. Members present: Billy Bob Grahn, Supervisor Kathy Schulz, Supervisor Shirley Williams, and Jason Heidenreich. QUORUM PRESENT.

Rock County Staff Present: Andrew Baker (Planning Director), Dana Sanwick (Office Coordinator).

Others Present: Michelle Ponkauskas (future committee member) and Todd Mandel (Wisconsin Partnership for Housing Development).

1. Call to Order.
2. Adoption of Agenda

Moved by Supervisor Schulz, **Seconded** by Jason Heidenreich.

3. Introductions

All present at the meeting introduced themselves and gave a general background of the roles they play in the county or what their responsibilities include as relating to the Housing Authority.

4. Citizen Participation, Communications and Announcements
5. **Action Item:** Request to Approve a \$300,000 Home Fund Loan for a 24 Unit Rental Rehab project in Edgerton. The project will be under the \$24,999 cap per unit as authorized in Policy and Procedures Manual (memo attached).

Lengthy question and answer session between committee members and Todd Mandel.

The following questions to be investigated:

Would residents be displaced during construction?

If displaced, would residents be able to choose where to relocate to?

What is the scope of work that is to be done?

Is property exempt from real estate taxes?

Can the existing owner speak about the maintenance, or lack thereof, of the property?

A motion was made by Supervisor Schulz to delay vote until the next meeting; May 5, 2021 at 9:00am.

Moved by Supervisor Schulz, **Seconded** by Supervisor Williams.
Approved 4-0

6. **Action Item:** Request to Approval a HOME Fund Loan that will Exceed Maximum Loan Amount Approvable by Staff as per the Policy and Procedures Manual (\$35,000) for a Homeowner Rehab project (memo attached).

Moved by Jason Heidenreich, **Seconded** by Supervisor Schulz.
Approved 4-0

7. Committee Reports
None

8. Discuss Future Meeting Schedule

Chair Grahn asked that a "Request for Agenda Items" be added to future agendas.

Chair Grahn also asked that committee members bring forth their ideas for the Housing Authority.

Supervisor Schulz would like to explore the possibility of adding additional low income housing to the outlying areas and make an assessment of the where the housing needs would be best served.

Supervisor Williams would like to explore communication between the Housing Authorities between Janesville, Beloit, and Rock County.

Supervisor Williams would like to discuss eviction issues with Janesville and Beloit.

Jason Heidenreich mentioned what can be done to make the public aware of the HOME funds available.

9. Adjournment Time __10:21AM_____

Moved by Jason Heidenreich, **Seconded** by Supervisor Schulz.

Respectfully Submitted – Dana Sanwick, Acting Secretary

These minutes are not official until approved by Committee.

Future Meeting Dates

May 5, 2021 9:00 AM

Memorandum

To: Andrew Baker

From: Todd Mandel, WPHD

Re: Rental Rehab project in Edgerton

In follow-up to our discussion the other day regarding the Rock County HOME funds, the following is information regarding the rental rehab project that we have been approached about in Edgerton. The property is the Edgerton Retirement Apartments, a 24-unit rental property that is restricted to elderly and the disabled.

The request is for \$300,000 of HOME funds to help renovate all 24 units and relieve the deferred maintenance that the property is facing. The property began its life as a Rural Development project. All 24 units are occupied by low-income residents and 17 of the units receive Rural Development rental assistance. It is not unusual to see projects like this with significant repair and capital needs as they age. Often, the operating income is limited due to the limited income of the tenants and this constrains the ability of the owners to conduct improvements and repairs. The owner is a non-profit organization.

The estimated total cost of the renovation project is \$1 million which is \$41,667 per unit. The renovation would be financed through four sources:

- A bank loan from Blackhawk Credit Union = \$268,000
- FHLBC Affordable Housing Program grant = \$432,000
- Rock County HOME Funds = \$300,000

Note that these numbers are subject to change somewhat but are a good start for discussion. This level of HOME assistance comes out \$12,500 per unit which is well within HUD guidelines and county guidelines.

I would recommend that the project be funded with the following terms:

- 0% interest
- 15-year amortization and term
- Deferred payments until the 15-year mark and then a balloon payment of the principal, however repayment is subject to surplus cash flow each year (if there is money left after expenses then those funds are used to repay the note).
- Legal fees paid for by the borrower.

Note that these terms are subject to a subsidy layering analysis that WPHD will conduct per guidance in the HOME Final Rule. It is possible that the layering analysis will reveal some payment amount that the property could sustain. But we will not know that until we have hard numbers and an actual Capital Needs Assessment to work from.

The provision of funds would require annual monitoring for compliance with HOME rules during the period of affordability (15 years). WPHD would utilize an attorney to draft an agreement. The agreement would place the financial risk on the owners/property managers for compliance. If a failure to comply triggered a repayment of HOME funds, this would be the responsibility of the owners/property managers. WPHD would perform annual monitoring visits of the property which would include a review of tenant files, property condition, and financial performance.

EMAIL CORRESPONDENCE RELATED TO EDGERTON RENTAL REHAB PROJECT

4/21/21

Hello Andrew,

I spoke with the developer and have some follow up information. He is also happy to join us on May 5th to answer questions. If you want to add him to the invite list his email is paul@sunnysidedevelopment.org.

Relocation Plan. This is not defined yet. Their hope is that most of the work will be outside of the units and that the in-unit work can be done as the units turn over or as units are open and people can be moved around. However, since the tenants are elderly, the desire is to minimize movement.

Deferred Maintenance. Some additional information around why there is deferred maintenance on the building. There are some wonky rules around Rural Development's Rental Assistance funding. It's sort of complex, however, the basic version is that RD's rules force a property to have a very low repair reserve. Once the repair fund exceeds a certain level, RD takes money away from rental assistance payments. This is why there isn't a robust repair reserve. The good news is that the FHLBC AHP funds come with a robust repair reserve requirement, so moving forward the property should have sufficient replacement reserve.

Repayment. I haven't seen their pro forma yet, but the current pro forma apparently calls for being able to repay the \$300,000 loan from excess revenues over the 15 year life of the loan. This would mean each year some amount will be paid back based on the financial performance of the loan.

Tax exemption. The property is currently tax exempt and has always been exempt. Its status will not change with this funding or work.

--

Todd Mandel

Interim Executive Director

Wisconsin Partnership for Housing Development

4/22/21

I did have one additional thought regarding the Edgerton rental project and how it can benefit the county. If the Authority would like to start doing some single-family affordable housing development (i.e. new construction or acquisition/rehab) one challenge is going to be generating match. The HOME funds require a 25% match for each dollar used. So if you invest \$100,000 of HOME funds into a new construction home, then you need to generate \$25,000 of non-federal funds for the project as well.

However, match funds can be banked from year to year if you generate more match than necessary in one year you can use it in a future year. This means that the \$300,000 of HOME

funds would require a \$75,000 non-federal match. However, the \$400,000+ of AHP funds that come with the project can be used as match. This means the project will throw off around \$325,000 of unused HOME match. The Housing Authority can "bank" this match and use it as credit for future projects. This would relieve the county's match requirements for roughly \$1.3 million of HOME funds, which is around 13 years worth of project. This scenario has value to the county and to the Authority in being able to more flexible in HOME fund usage in future years.

But just to clarify, that \$325,000 is only a "paper credit" for the purposes of match documentation. It does not mean that suddenly the Authority has \$325,000 of funds they didn't plan on having.

--

Todd Mandel

Interim Executive Director

Wisconsin Partnership for Housing Development