



Red Wing Housing and Redevelopment Authority Equal Opportunity Housing/Equal Opportunity Employment

Our Mission

To provide quality, affordable, sustainable housing and community redevelopment programs utilizing resources that develop public and private partnerships.

Statement of Intent

We gather today in this room as one people to discuss and attend to the matters of Red Wing. Together, as a government body and as community members, we agree to treat everyone with courtesy, dignity, and respect. We will listen to all sides of an issue, encourage participation, support each other, act with honor and accountability, and inspire pride in our community. This we commit as we open this meeting.

Meeting Announcement and Agenda Housing & Redevelopment Authority Board Regular Meeting City Council Chambers, 315 West 4th Street, Red Wing, MN & Virtually Tuesday, June 13, 2023, at 3:30 PM

This meeting will be held in the City Hall Council Chambers and virtually via Webex at the same time. Members of the public can join this meeting either in person at City Hall or virtually. To join this meeting via Webex, [click this link](#). To join via telephone, please dial (415) 655-0001. Enter access code 2559 127 7149 and password 2023 when prompted.

1. **Call to Order**
2. **Pledge of Allegiance**
3. **Roll Call**
4. **Approval of Agenda**
5. **Public Comment**

We now invite anyone to share their thoughts on a topic that is not on the agenda. We welcome all opinions and ideas. We appreciate you stating your name at the lectern, and please remember that personal attacks may be ruled out of order. You will have up to three minutes to comment, and we appreciate your time in coming tonight.

6. **Consent Agenda (Roll Call Required *)**

Approval of the Consent Agenda constitutes approval of the following Consent Agenda items:

- 6.A. Motion to Approve May 9, 2023 Regular Board Meeting Minutes.
- 6.B. Motion to Approve Bills (Checks #50661-50725, totaling \$211,998.02).

- a. Public Housing: \$76,746.63
- b. Housing Choice Voucher: \$1,837.33
- c. Jordan Towers II: \$81,053.60
- d. Redevelopment: \$43,360.46
- e. Small Cities: \$0

- f. TIF: \$0
- g. AHTF: \$9,000.00

7. Motions & General Business

- 7.A. Resolution No. 1439-23 Approval for Participation in Bridges Housing Grant
- 7.B. Motion to Accept 2022 Annual Audit

8. Communication Items

- 8.A. Director's Report
- 8.B. Finance Report
- 8.C. Housing Report
- 8.D. Community Redevelopment Report
- 8.E. Resident Council Report
- 8.F. Hope Coalition Liaison Report
- 8.G. City Council Liaison Report
- 8.H. Announcements

- a. The next HRA Regular Board Meeting will be on July 11, 2023 at 3:30 p.m. in City Council Chambers.

9. Adjournment

Accommodations for signing interpreter, Braille, large print, etc. can be made. Call City Hall at 385.3600 seven days prior to the need. Hearing assistance devices are available during meetings.



Red Wing Housing and Redevelopment Authority
HRA Board Regular Meeting
City Council Chambers
May 9, 2023

Board Members Present: Board Chair, Glen Witham; Commissioners: Sara Hoffman, Roseanne Grosso, Dana Borgschatz, Jackie Luikart, and Kristi Reuter

Others Present: Kurt Keena, Executive Director; Corrine Stockwell, Finance Director; Jennifer Cook, Housing Director; Ron Goggin, City Council Liaison; Megan Conway, Housing Assistance Navigator; Erick Johnson, Maintenance Supervisor; HRA Maintenance Staff: Robert Wedrickas, Nate Mewes, and Steven Gregory.

Absent: Vice Chair, Jason Jech

1. Call to Order

The meeting was called to order at 3:30 p.m. by Board Chair Witham.

2. Pledge of Allegiance

3. Excusal of Absent Commissioners-Roll Call

Roll Call was taken and all members present except for Vice Chair, Jason Jech.

4. Approval of Agenda

A motion to approve the agenda made by Hoffman and seconded by Luikart.

5. Public Comment

There were no public comments.

6. Consent Agenda (Roll Call Required*)

- A. Motion to Approve April 11, 2023 Minutes
- B. Motion to Approve Board Workshop Property Tour Meeting Minutes May 2, 2023
- C. Motion to Approve Bills (Checks #50579 - 50660, totaling \$294,775.75)
 - a. Public Housing: \$147,496.77
 - b. Housing Choice Voucher: \$9,669.19
 - c. Jordan Tower II: \$106,799.06
 - d. Redevelopment: \$30,810.73
 - e. Small Cities: \$0
 - f. TIF: \$0
 - g. AHTF: \$0

Witham asked that item 6B be pulled for discussion. A motion to accept the remaining Consent Agenda was made by Reuter and seconded by Grosso, Roll Call was taken and all board members were in favor of approving the Consent Agenda.

Discussion was held regarding item 6B. Grosso asked about prioritization of improvements, work orders, and repairs. Johnson explained prioritizing does happen dependent on urgency and funding. Keena shared a PNA (Physical Needs Assessment) plan is done for larger capital improvements, focusing on habitual needs ensuring health and safety is top priority. Witham suggested forming an internal committee to review HRA rental properties. A motion to close discussion on pulled item 6B was made by Hoffman and seconded by Luikart.

7. Motions and General Business

A. Motion to Approve the April 2023 Employee Handbook

Updated Handbook. No drastic changes, mainly an update of verbiage. Governor Walz did put into effect Juneteenth as a state holiday that will be added as a personal holiday for employees effective June 2024.

Motion to approve the 2023 Employee Handbook was made by Grosso and seconded by Borgshatz. Motion carried.

B. Motion to Approve Changes to Employee Benefits

Number of providers has been reduced from 6 to 2. Short term disability for staff is now covered by HRA. Critical Illness, Life, Accident, and Hospital have voluntary options. Benefits increased by 2%.

Motion to approve the Changes to Employee Benefits was made by Luikart and seconded by Hoffman. Motion carried.

C. Motion to Approve Jordan Tower I Lighting Upgrades

Consultant walked towers, had an estimated cost of \$18,000 for lighting upgrades. Lowest bid came in for \$14,000 with Parker Electric. Costs will be pulled from 2022 Capital Funds. Currently paying \$6,700 per year, so the upgrades will give a 1.1 year pay back. Once work is complete there is an opportunity for a utility rebate of \$7,200.

Motion to approve Jordan Tower I Lighting Upgrades was made by Reuter and seconded by Luikart. Motion carried.

8. Communication Items

A. Executive Director Report

Each county will get a procreation of funding from the State Funded Voucher Program, more information to come as it goes forward. Congressional Directed Funding will be used for the flooring at Haven of Hope. Options for utilizing the loan for J2 will be brought to June or July meeting for Board action on what to use the funds for. Goodhue County Community Health Assessment showed that Housing is the #2 priority following Mental Health as #1.

B. Finance Report

Current on monthly financials. Decrease in Public Housing and Redevelopment is due to costs such as contracts, snow removal, and turnovers. Tax Levy will be presented in August considering it is not due until September 1st.

C. Housing Report

Introduced the four staff members of the Maintenance department. Currently have 132 leased vouchers, with 105 utilized. 13 out of 12 vouchers for Bridges used. \$225,000 approved to continue Bridges program past June 30th. Received 115 out of 140 points for SEMAP (Section Eight Management Assessment Program). Beginning of June, the outside work for generator project will began now that the weather is nice.

D. Community Development Report

Small Cities Loan is hanging out there with the Hallstrom project, we have received an update on structural issues. TIF #8 passed compliance, last phase should be completed by end of the year. Three Rivers project that would have brought 48 units, needed 4 votes and only received 3 due to the objections by neighbors could not be overcome.

E. Resident Council Report

Planning a potluck for this month. Chairman just retired, new one will be voted on this month

F. Hope Coalition Report

No Report as meeting will be held next Thursday, May 18th, 2023.

G. City Council Report

Goodhue County Health & Human Services presented Health Needs Assessment at City Council meeting, reaffirmed Housing is number two priority. Goggin asked if HRA properties participate in the City's inspections and/or if HRA does their own inspections. Keena responded HRA does their own annual inspection and then the outside inspection is conducted by HUD and other funders, so inspections are completed about five times per year. The City of Red Wing accepts these inspections in place of City inspections, as there is a close working relationship with the Cities Building Inspection Division.

H. Announcements

- a. The next HRA Board Meeting will be on June 13, 2023 at 3:30pm in City Council Chambers.

9. **Adjourn**

Meeting was adjourned at 4:58pm by Board Chair Witham.

Respectfully Submitted By,

Megan Conway

Board Chair



Red Wing Housing and Redevelopment
Checks Written Report
 May 1, 2023 - May 31, 2023

Payment Date	Payment Number	Payment Amount	Payee Name
5/5/2023	1127	\$171.81	Adam's Pest Control
5/5/2023	1128	\$200.00	Charles Bleything
5/5/2023	1129	\$50.00	Dana Borgschatz
5/5/2023	1130	\$281.17	ESI Hosted Services
5/5/2023	1131	\$220.00	FileVision USA
5/5/2023	1132	\$50.00	Roseanne Grosso
5/5/2023	1133	\$50.00	Jason Jech
5/5/2023	1134	\$423.50	MRI Software LLC
5/5/2023	1135	\$200.00	Barry Preble
5/5/2023	1136	\$50.00	Kristi L. Reuter
5/5/2023	1137	\$50.00	Glen Witham
5/12/2023	1138	\$165.36	Adam's Pest Control
5/12/2023	1139	\$175.95	Carahsoft Technology Corporation
5/12/2023	1140	\$487.50	Maids in Minnesota
5/12/2023	1141	\$6,893.14	National Business Furniture
5/12/2023	1142	\$369.00	Smith Heating Inc.
5/19/2023	1143	\$106.96	Carahsoft Technology Corporation
5/19/2023	1144	\$299.43	THEIPGUYS.NET, LLC OneNet Global
5/26/2023	1145	\$65.00	MKC Inc.
5/26/2023	1146	\$18,747.15	Minnesota Housing Finance Agency
5/5/2023	50661	\$145.98	Ace Hardware
5/5/2023	50662	\$200.00	James Alexander
5/5/2023	50663	\$220.00	Culligan Water Conditioning
5/5/2023	50664	\$666.94	Dearborn National
5/5/2023	50665	\$3,652.09	Finn Daniels Architects
5/5/2023	50666	\$200.00	Candis Fleck
5/5/2023	50667	\$91,875.02	Goodhue County
5/5/2023	50668	\$5,404.00	Hawkins, Ash,CPAs, LLP
5/5/2023	50669	\$542.35	HD Supply Facilities Maintenance
5/5/2023	50670	\$50.00	Sara Hoffman
5/5/2023	50671	\$750.00	Jackie Luikart
5/5/2023	50672	\$986.54	Menards-Red Wing
5/5/2023	50673	\$610.00	O'Rourke Media Group
5/5/2023	50674	\$86.00	Christina Parks
5/5/2023	50675	\$403.35	Samantha Lexvold
5/5/2023	50676	\$300.00	River City Days
5/5/2023	50677	\$518.94	Runnings Farm & Fleet
5/5/2023	50678	\$1,274.13	Schumacher Elevator Company
5/5/2023	50679	\$634.55	The Sherwin Williams Co
5/5/2023	50680	\$240.00	Startech Computing Inc
5/5/2023	50681	\$180.00	Vickis Foot and Nail Care PLLC
5/5/2023	50682	\$596.38	Xcel Energy

5/12/2023	50683	\$234.44	City of Red Wing-Other Utils
5/12/2023	50684	\$351.40	Culligan Water Conditioning
5/12/2023	50685	\$1,071.36	Custom Alarm
5/12/2023	50686	\$175.50	Erickson and Sons Duct Cleaning
5/12/2023	50687	\$148.58	Quadient Finance USA, INC
5/12/2023	50688	\$375.03	Hiawatha Broadband
5/12/2023	50689	\$779.48	Innovative Office Solutions
5/12/2023	50690	\$3,700.00	Thomas Lars Johnson
5/12/2023	50691	\$4,280.00	Libertie Johnson
5/12/2023	50692	\$351.42	MailFinance
5/12/2023	50693	\$550.47	Menards-Red Wing
5/12/2023	50694	\$200.00	David Heim
5/12/2023	50695	\$295.00	Red Wing Plumbing & Heating
5/12/2023	50696	\$223.88	The Sherwin Williams Co
5/12/2023	50697	\$1,225.00	TMC Construction and Remodeling LLC
5/12/2023	50698	\$670.62	Visa
5/12/2023	50699	\$1,217.78	Xcel Energy
5/19/2023	50700	\$9,000.00	Associated Bank
5/19/2023	50701	\$1,360.82	City of Red Wing-Other Utils
5/19/2023	50702	\$450.00	Coinmach Corporation-NY
5/19/2023	50703	\$1,770.72	Directv
5/19/2023	50704	\$1,300.00	Fireline Sprinkler, LLC
5/19/2023	50705	\$1,266.37	HD Supply Facilities Maintenance
5/19/2023	50706	\$1,800.00	Institute for Environmental Assessment
5/19/2023	50707	\$188.55	Innovative Office Solutions
5/19/2023	50708	\$30.00	Johnson Tire Service
5/19/2023	50709	\$4,921.06	Steve Junge Installations, Inc
5/19/2023	50710	\$613.46	Menards-Red Wing
5/19/2023	50711	\$892.50	Nan McKay & Assoc.
5/19/2023	50712	\$1,662.70	Tom Parker Electric, Inc.
5/19/2023	50713	\$220.00	Red Wing Plumbing & Heating
5/19/2023	50714	\$41.99	The Sherwin Williams Co
5/19/2023	50715	\$500.00	Startech Computing Inc
5/19/2023	50716	\$427.72	Corrine Stockwell
5/19/2023	50717	\$1,925.11	Visa
5/26/2023	50718	\$744.50	Colonial Life
5/26/2023	50719	\$2,842.80	Finn Daniels Architects
5/26/2023	50720	\$384.23	HD Supply Facilities Maintenance
5/26/2023	50721	\$2,453.61	Steve Junge Installations, Inc
5/26/2023	50722	\$1,605.78	Menards-Red Wing
5/26/2023	50723	\$1,752.78	Stortz Satellite
5/26/2023	50724	\$12,401.22	Xcel Energy
5/30/2023	50725	\$6,999.90	Gerlach Outdoor Power Equipment Inc.

\$211,998.02



Red Wing Housing & Redevelopment Authority

428 West Fifth Street
Red Wing, MN 55066
TDD/TTY 7-1-1

Telephone (651) 388-7571
FAX (651) 385-0551
www.redwinghra.org

June 13, 2023

TO: Red Wing HRA Board of Commissioners
FROM: Ana Bass, Voucher Manager
RE: Bridges Housing Grant Agreement
Resolution #1439-23

BACKGROUND

The Red Wing HRA began administering a Bridges program in 2017. Bridges programs provide temporary rental assistance until the participating household is able to obtain either a Housing Choice Voucher or some other rental subsidy. To be eligible a household must be very low-income and the head of the household must have a serious mental illness diagnosis. The Bridges program's first priority is to serve those who are exiting an institution, psychiatric, drug/alcohol treatment, or jail/prison, who would be homeless upon discharge. The program is funded by the Minnesota Housing Finance Agency (MHFA). MHFA awards funds based on a competitive grant application process which takes place every two years. Our current grant for twelve (12) vouchers is set to expire June 30, 2023.

The Red Wing HRA has a cooperative agreement with Goodhue County Social Services to assist with administering the grant.

The Red Wing HRA applied to renew the grant in February 2023. We were notified on April 28, 2023 that we have been awarded \$225,792 to serve twelve (12) households. The grant period would be two years beginning July 1, 2023 and ending June 30, 2025.

PROPOSAL

Staff proposes that the Red Wing HRA accept the grant in the amount awarded and enter into a grant agreement with MHFA.

BUDGET IMPACT

MHFA has awarded the Red Wing HRA with twelve (12) vouchers. A \$64.00 administration fee is earned for each voucher that is leased during each month. Therefore, if all twelve (12) vouchers are leased every month during the 24 month grant cycle the Red Wing HRA would earn a maximum of \$18,432 in administration fees. The remainder of the grant, \$207,360, would be obligated toward housing assistance payments and other housing expenses allowed by the grant such as security deposits.

RECOMMENDATION

Staff recommends that the HRA Board of Commissioners adopt Resolution #1439-23 approving: 1) The Red Wing HRA to administer the Bridges program, 2) enter into a grant agreement with MHFA for the amount of \$225,792 to fund a total of twelve (12) households within the City of Red Wing and 3) Authorize the Executive Director to execute all necessary documents.



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Red Wing Housing and Redevelopment Authority Resolution #1439-23 Approval for Participation in Bridges Housing Grant

WHEREAS, the Red Wing HRA began administering a Bridges program in 2017 to provide temporary housing assistance to household with very low incomes in which the head of the household has a serious mental illness diagnosis. The Red Wing HRA has had cooperative agreement with Goodhue County Social Services to assist with administering the grant, and

WHEREAS, The Red Wing HRA applied to renew the grant in February 2023 and has been awarded \$225,792 for the July 1, 2023 – June 30, 2025 grant period to serve up to twelve (12) households within the City of Red Wing; and

WHEREAS, Minnesota Housing has awarded the Red Wing HRA twelve (12) vouchers. A \$64.00 administration fee is earned for each voucher leased during each month. Therefore, if all twelve (12) vouchers are leased every month during the twenty four (24) month grant cycle the Red Wing HRA would earn a maximum of \$18,432 in administration fees. The remainder; \$207,360 would be obligated toward housing assistance payments and other housing expenses allowed by the grant such as security deposits; and

THEREFORE, BE IT RESOLVED, that the Red Wing Housing and Redevelopment Authority Board of Commissioners adopt resolution #1439-23 approving: 1) The Red Wing HRA to administer the Bridges program, 2) enter into a grant agreement with MHFA for the amount of \$225,792 to fund a total of twelve (12) households within the City of Red Wing and 3) Authorize the Executive Director to execute all necessary documents.

Dated: June 13, 2023



Board Chair



Secretary/Treasurer



400 Wabasha Street North, Suite 400
St. Paul, MN 55102
P: 800.657.3769
F: 651.296.8139 | TTY: 651.297.2361
www.mnhousing.gov

April 28, 2023

Ana Bass
Red Wing Housing and Redevelopment Authority
428 West Fifth St.
Red Wing, MN 55066

Sent via email

Re: Bridges Rental Assistance Program Funding

Dear Ana,

We are pleased to inform you that your proposal was approved for funding by the Minnesota Housing board on April 27, 2023. Your application was one of 17 selected for approval, representing a total of \$9,960,149.00 which will provide needed rental assistance to integrate people with mental illness into the community and provide them with housing.

Your organization will be awarded up to \$225,792.00, with a monthly administrative fee per household of \$64.00, for a grant term beginning July 1, 2023, through June 30, 2025. Funding is contingent upon satisfactory completion of all due diligence items, approval of which is at the sole discretion of Minnesota Housing, as well as the Minnesota Legislature's approval of Bridges appropriations in sufficient amounts to fund the awards. In addition to the standard requirements for the grant, the following conditions apply to your specific grant:

None.

Enclosed with this letter is the Due Diligence Checklist, the Grant Contract Agreement with Exhibits, a Sample Cooperative Agreement, and a Contact Form. All items listed in the Due Diligence Checklist must be returned to and approved by Minnesota Housing prior to the execution of the Grant Contract Agreement. **NOTE:** Expenses incurred prior to the execution of the Grant Contract Agreement are not allowed and will not be reimbursed.

A **mandatory** due diligence information session will be held on Thursday, May 4, 2023, from 10:00-11:00 a.m. Central Time via GoToWebinar. The information session will provide an overview of the program, Grant Contract Agreement provisions, and required due diligence. The session will also allow time for questions. Register for the session using the following URL: <https://attendee.gotowebinar.com/register/8920822048228452110>. After registering, you will receive a confirmation email with further instructions.

If you have program specific questions, contact Ellie Miller at ellie.miller@state.mn.us.

Thank you for your continued commitment in serving homeless, disabled, and low-income households and partnering with Minnesota Housing as we work to affordably house Minnesotans.

Sincerely,



James Lehnhoff
Assistant Commissioner, Multifamily

Enclosures:

Due Diligence Checklist
Grant Contract Agreement and Exhibits
Sample Cooperative Agreement
Contact Form

MHFA D#:	1805
MHFA Project Number:	20587
Grantee/Housing Agency:	Red Wing Housing and Redevelopment Authority
Address:	428 West Fifth St., Red Wing, MN 55066
Contact:	Ana Bass, Voucher Manager
Phone:	651.301.7027
Email:	ana.bass@ci.red-wing.mn.us
Local Mental Health Entity:	Goodhue County Health and Human Services
Address:	426 West Ave., Red Wing, MN 55066
Contact:	Abby Villaran
Phone:	651.385.6185
Email:	abby.villaran@co.goodhue.mn.us

Service Area: City of Red Wing, MN

Number of Households Served Monthly (at 100% Utilization): 12
Average Estimated Total Monthly Subsidy Per Household: \$520
Monthly Administrative Fee per Household: \$64


Population Served: Singles and families whose head of household has a diagnosed mental illness, and is eligible for the Housing Choice Voucher Program or who can become eligible to participate in the Housing Choice Voucher Program or other permanent housing option based on successful participation in the Bridges Program, with priority for households leaving institutions or experiencing homelessness.

Program Income Limits: Cannot exceed 50% of AMI at the time of admission to the Bridges Program.

Program Subsidy Structure: Subsidy will pay the difference between 30% of gross household income and the lesser of the gross rent or the area payment standard for the applicable sized unit.

Anticipated Outcomes: Participants successfully transition to a permanent housing subsidy, such as a Housing Choice Voucher.

Property Inspections: Upon initial occupancy, before providing assistance to a participant in



an assisted unit, the unit must pass a Housing Quality Standards (HQS) inspection made by a qualified HQS inspector. The Grantee may not provide Grant Proceeds on behalf of the household until the unit fully complies with the HQS requirements. HQS inspections will be conducted annually.



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June 13, 2023

To: Red Wing HRA Board of Commissioners

From: Corrine Stockwell, Finance Director

Subject: 2022 Annual Audit

Background:

It is required of the Red Wing HRA to have an annual audit performed by an independent auditor. We have a contract with Smith Schafer & Associates, LTD of Red Wing, Minnesota to perform our audits.

Analysis:

Smith Schafer & Associates, LTD has conducted an audit of our 2022 financial statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Recommendation:

Staff and Finance Committee give a favorable recommendation to the Red Wing HRA Board of Commissioners to accept the 2022 Annual Audit.



RED WING HOUSING & REDEVELOPMENT AUTHORITY

428 WEST FIFTH STREET, RED WING, MN 55066

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TDD/TTY 711

WWW.REDWINGHRA.ORG

June 13, 2023

To: Red Wing HRA Board of Commissioners

From: Kurt Keena, Executive Director

Re: Executive Director's Report

Federal and State Funding

The State has wrapped up the legislative session and there is going to be \$1B of additional money available in the next biennium for affordable housing programs. In addition to extra funding for some long-standing programs we have taken advantage of in the past, there are some potential new opportunities that we may be able to utilize to increase the investment in affordable housing here in Red Wing. I have included a summary recap of the session as it relates to housing that Minnesota NAHRO has produced. It will take MHFA some time to create the process of awarding these new funds and we will continue to monitor developments to make sure we understand where the best opportunities are.

On the Federal level it is a little different story. The deal struck to avert the debt ceiling crisis effectively freezes the next two year's budgets at current levels. That isn't totally bad as the recent funding levels have been better than most. In the Public Housing program stable funding is mostly to our benefit as we can reasonably expect adequate resources to run the program. However, inflation in the Housing Choice Voucher program may mean that we are able to fund fewer vouchers if rents continue to increase as dramatically as they have in the past several years. We will just have to wait and see what impact this ultimately has on both programs.

Local Affordable Housing Aid (LAHA)

One new program at the state level creates a new statewide housing aid fund that directs money to communities to help them address affordable housing needs. Red Wing may receive as much as \$95K per year under this program. The HRA would welcome the opportunity to work with the City to deploy these funds here in Red Wing. I have attached some information about the new program that gives more information about the program and how the money can be used.

Jordan Tower II HOME Loan Maturity

We continue to work with Baker-Tilly to evaluate our options regarding the maturity of this loan and expect to bring a recommendation for your consideration to the July meeting. Once a course of action is selected we will work with MHFA to get the request through their internal approval process.

Capital Improvements Discussion

As a follow up to our Board tour of properties, and to prepare for a larger discussion about capital needs at our properties and the resources available to address them, I am including the summary pages from the recently completed Physical Needs Assessments (PNA's) of our Public Housing properties. The PNA for Jordan Tower II should be ready soon and we plan to have the person who prepared these reports at our July meeting to go over them and be available to answer questions. We will also bring some additional materials that highlights what we have recently completed and the sources of funds available, or potentially available, for

future improvements. With this information, and direction from the Board, we can then prioritize which activities we should be undertaking going forward.

Strategic Plan Update

I have attached an update of our Strategic Plan that shows progress made to date on the items contained in the plan. Some items have seen more activity than others. The additional State funding available for affordable housing may mean that we, or other organizations within the community, are able to move forward on some of the more challenging items in the next couple of years.

Attachments

- MN NAHRO 2023 State Legislative Session Recap
- MN NAHRO Local Affordable Housing Aid Information
- Red Wing Public Housing PNA Summaries
- RWHRA Strategic Plan Update

GOAL 1: MAINTAIN EXISTING AND EXPAND NEW HOUSING OPPORTUNITIES

Senior Management Sponsor: Kurt

Objectives	Initiatives (Action Steps)	Progress June 2023	Target Completion
<p>Objective 1.1</p> <p><i>Provide housing assistance and rental housing education and guidance to applicants.</i></p>	<p>1.1.1 Website – Resources Tab</p> <p>1.1.2 Housing Assistance Navigator position</p> <p>1.1.3 Tenant – Landlord Connection – Duluth model</p> <p>1.1.4 United Way – Three Rivers – Hub Idea</p> <p>1.1.5 HCV Briefings</p> <p>1.1.6 Program FAQ's</p> <p>1.1.7 Renter Education Program</p>	<ul style="list-style-type: none"> • <i>Housing Assistance Navigator hired 8/2022</i> 	<ul style="list-style-type: none"> • <i>Ongoing</i>
<p>Objective 1.2</p> <p><i>Educate and inform the Board and community on need for additional affordable housing.</i></p>	<p>1.2.1 Housing Studies/Surveys</p> <p>1.2.2 Task Force participation</p> <p>1.2.3 Informational Board packet materials</p> <p>1.2.4 Collaborate with other Gov't, NP & Private partners</p> <p>1.2.5 Website</p>	<ul style="list-style-type: none"> • <i>Tour of HRA properties for Commissioners April 2023</i> • <i>Three Rivers Project meetings 2022- 2023</i> 	<ul style="list-style-type: none"> • <i>Ongoing</i> • <i>Study or survey every 3 – 5 years in conjunction with City and/or County</i>
<p>Objective 1.3</p> <p><i>Increase the inventory of affordable workforce housing.</i></p>	<p>1.3.1 AHTF</p> <p>1.3.2 TIF</p> <p>1.3.3 Project Based Sec 8</p> <p>1.3.3 Tax Forfeited Properties</p>	<ul style="list-style-type: none"> • <i>Funded Hallstrom project with 5 units</i> • <i>Potential Boxrud project</i> • <i>Habitat – Hospital site</i> • <i>Three Rivers Project – 2024 application?</i> 	<ul style="list-style-type: none"> • <i>Continually seek opportunities</i>

GOAL 1: MAINTAIN EXISTING AND EXPAND NEW HOUSING OPPORTUNITIES

Senior Management Sponsor: Kurt

Objectives	Initiatives (Action Steps)	Progress June 2023	Target Completion
		<ul style="list-style-type: none"> Sold 209 E 5th Street to Habitat 	
<p>Objective 1.4 <i>Evaluate options for a homeless shelter and emergency housing.</i></p>	<p>1.4.1 CoC, NP & Faith Based orgs are leading this effort</p> <p>1.4.2 Homeless Coalition</p> <p>1.4.3 Hope & Harbor Homeless Shelter</p> <p>1.4.4 Women's Shelter</p>	<ul style="list-style-type: none"> Participating in meetings and discussions – State funding possible? Replaced HVAC at Women's Shelter CDS funds for shelter improvements Applied for Stability Vouchers Potential for re-use of Women's shelter if they move 	<ul style="list-style-type: none"> Ongoing
<p>Objective 1.5 <i>Build lasting, positive relationships with local landlords.</i></p>	<p>1.5.1 Provide HCV program training/FAQ</p> <p>1.5.2 Administer program effectively</p> <p>1.5.3 Landlord Meetings/Trainings. Listen – be responsive</p> <p>1.5.4 Homeless Response Team, Community Conversation</p>	<ul style="list-style-type: none"> Presented S8 session as part of Goodhue County Housing Series on 10/5/2022 Increased payment standard to 120% of FMR 	<ul style="list-style-type: none"> Continuously through program administration

GOAL 2: EXPLORE FINANCIAL RESOURCES TO SUPPORT AND EXPAND HRA PROGRAMS AND SERVICES

Senior Management Sponsor: Kurt/Corrine

Objectives	Initiatives (Action Steps)	Progress June 2023	Target Completion
<p>Objective 2.1</p> <p><i>Utilize all state, federal and other funding assistance programs to their fullest.</i></p>	<p>2.1.1 Administer, monitor and fully expend funds in a timely manner – S8 HAP</p> <p>2.1.2 Award grants and fund loans</p> <p>2.1.3 SCDP – PI vs. Local Funds</p>	<ul style="list-style-type: none"> • Completed SCDP PI vs Local Income analysis • Process SCDP apps • Funded Hallstrom project with 5 units • Potential Boxrud project • Increased S8 Payment Standard • Obtained \$120K from HAI for PH Capital Improvements • Obtained \$100K in Congressionally Directed Funding for improvements at shelter 	<ul style="list-style-type: none"> • Ongoing
<p>Objective 2.2</p> <p><i>Use the resources of the Affordable Housing Trust Fund to increase housing supply.</i></p>	<p>2.2.1 Incent developers to use the funds</p> <p>2.2.2 Increase awareness of fund</p> <p>2.2.3 Sustain and increase fund balance – TIF Income and/or State matching funds</p>	<ul style="list-style-type: none"> • Funded Hallstrom project with 5 units • Potential Boxrud project • Analysis of future TIF proceeds completed 	<ul style="list-style-type: none"> • Ongoing • RFP or Pipeline basis?

GOAL 2: EXPLORE FINANCIAL RESOURCES TO SUPPORT AND EXPAND HRA PROGRAMS AND SERVICES

Senior Management Sponsor: Kurt/Corrine

Objectives	Initiatives (Action Steps)	Progress June 2023	Target Completion
		<ul style="list-style-type: none"> Monitoring matching funds opportunity thru MHFA 	
<p>Objective 2.3 <i>Pursue Small Cities grant applications on a regular basis to ensure adequate funding stream.</i></p>	<p>2.3.3 Stay current on program changes</p> <p>2.3.2 Apply when open and PI spent</p> <p>2.3.3 Promote program locally</p> <p>2.3.4 CEDA & other Administrators</p>	<ul style="list-style-type: none"> Completed PI vs Local Income analysis Have reached out to SEMMCHRA as a potential admin partner Potential 2024 application – owner/rental rehab? 	<ul style="list-style-type: none"> As administrators have capacity
<p>Objective 2.4 <i>Increase the number of housing units utilizing incentives such as TIF or loans.</i></p>	<p>2.4.1 Promote and support developer interest and utilization</p> <p>2.4.2 Collaborate with Community Development</p>	<ul style="list-style-type: none"> Three Rivers MOU Meetings with CD & potential developers 	<ul style="list-style-type: none"> Three Rivers Tax Credit Project in 2024? Others as they become known
<p>Objective 2.5 <i>Seek new funding sources to support existing or new staffing as needed.</i></p>	<p>2.5.1 Be vigilant and curious about new programs and funding opportunities</p> <p>2.5.2 Housing Assistance Navigator, Service Coordinator</p> <p>2.5.3 ROSS grant</p>	<ul style="list-style-type: none"> ROSS grant secured Adjusted staffing to create HAN position 	<ul style="list-style-type: none"> Ongoing as they become available or known. ROSS grant January 2022
<p>Objective 2.6 <i>Identify funding sources to address homelessness and</i></p>	<p>2.6.1 SE MN CoC & Three Rivers CAC</p> <p>2.6.2 Grant for Hope House</p>	<ul style="list-style-type: none"> CoC is the lead on this effort as they receive and disperse 	<ul style="list-style-type: none"> Ongoing as they become available or known

GOAL 2: EXPLORE FINANCIAL RESOURCES TO SUPPORT AND EXPAND HRA PROGRAMS AND SERVICES

Senior Management Sponsor: Kurt/Corrine

Objectives	Initiatives (Action Steps)	Progress June 2023	Target Completion
<p><i>generational poverty in the community.</i></p>	<p>2.6.3 Community discussions & Advisory Committee</p> <p>2.6.4 Goodhue County Dept. Human Services</p> <p>2.6.5 Homes 4 All</p>	<p><i>the funds for the region</i></p> <ul style="list-style-type: none"> • <i>Partnered with Three Rivers on CoC funding application for additional services</i> • <i>Applied for Stability Vouchers</i> • <i>Staff serving on Resource Center Board</i> • <i>Administer State Vouchers when available?</i> 	

GOAL 3: ORGANIZE AND OPERATE WITH EFFECTIVE AND EFFICIENT BUSINESS PRACTICES

Senior Management Sponsor: Kurt

Objectives	Initiatives (Action Steps)	Progress June 2023	Target Completion
<p>Objective 3.1</p> <p><i>Hire a competent and qualified Executive Director.</i></p>	<p>3.1.1 Kurt Keena</p>	<ul style="list-style-type: none"> • Done 	<ul style="list-style-type: none"> • Complete
<p>Objective 3.2</p> <p><i>Continuously evaluate current programs for sustainability, economic feasibility and client service.</i></p>	<p>3.2.1 Monitor funding levels and utilization rates for S8 and Owned housing</p> <p>3.2.2 Evaluate portfolio of owned properties for fit with mission.</p>	<ul style="list-style-type: none"> • Housing Assistance Navigator position staffed • S8 payment standard increased • Sale of twin home property to Habitat 6/2023 	<ul style="list-style-type: none"> • Ongoing
<p>Objective 3.3</p> <p><i>Support and encourage professional growth, development and training of staff.</i></p>	<p>3.3.1 NAHRO</p> <p>3.3.2 HTVN</p> <p>3.3.3 Nan McKay</p> <p>3.3.4 Quarterly or Bi-annual mental health training for staff</p>	<ul style="list-style-type: none"> • Staff serving on NAHRO committees and Board • Finance Dir. completed SHRM certification • Housing Dir. Completed PHM certification • HQS certification for Voucher and Maintenance Managers 	<ul style="list-style-type: none"> • Ongoing

GOAL 3: ORGANIZE AND OPERATE WITH EFFECTIVE AND EFFICIENT BUSINESS PRACTICES

Senior Management Sponsor: Kurt

Objectives	Initiatives (Action Steps)	Progress June 2023	Target Completion
		<ul style="list-style-type: none"> • CRMT training for Maintenance staff in 2023 • Boiler's License for maintenance staff • Certification training for Service Coordinator in 2023 	
<p>Objective 3.5</p> <p><i>Stay current with technology advances to improve programs.</i></p>	<p>3.5.1 Local, Regional or National conferences</p> <p>3.5.2 Migrate to MRI software platform – On-line Applications</p> <p>3.5.3 Remote work capabilities</p>	<ul style="list-style-type: none"> • Remote work capabilities in place for staff • Bamboo HR software implementation • MRI migration in the future – 2024? 	<ul style="list-style-type: none"> • Ongoing
<p>Objective 3.6</p> <p><i>Sustain an innovative and family-value based workplace culture.</i></p>	<p>3.6.1 Communicate with staff</p> <p>3.6.2 Be consistent in policy and practice</p> <p>3.6.3 Flexibility – work schedule, child care, Covid plan</p>	<ul style="list-style-type: none"> • Integrated many new staff members into our operations. • Flexibility with new and existing staff to accomplish work while short staffed. • Piloting revised office hours 	<ul style="list-style-type: none"> • Ongoing

GOAL 3: ORGANIZE AND OPERATE WITH EFFECTIVE AND EFFICIENT BUSINESS PRACTICES

Senior Management Sponsor: Kurt

Objectives	Initiatives (Action Steps)	Progress June 2023	Target Completion
Objective 3.7 <i>Expand Social Services to family units.</i>	3.7.1 Secure stable services funding 3.7.2 Ross Grant	<ul style="list-style-type: none">• ROSS grant started in June 2022 – services now offered to family sites	<ul style="list-style-type: none">• Done

GOAL 4: FOCUS ON PUBLIC ENGAGEMENT, EDUCATION AND COMMUNITY AWARENESS

Senior Management Sponsor: Kurt

Objectives	Initiatives (Action Steps)	Progress June 2023	Target Completion
<p>Objective 4.1</p> <p><i>Maintain a visible presence through community involvement, education and outreach.</i></p>	<p>4.1.1 Civic Groups</p> <p>4.1.2 Service Clubs</p> <p>4.2.3 Web site</p> <p>4.2.4 Sr Mgmt participation in groups related to work area</p>	<ul style="list-style-type: none"> • Kurt continues to attend meetings and present information • Sr Staff serve on committees 	<ul style="list-style-type: none"> • Ongoing
<p>Objective 4.2</p> <p><i>Actively participate in the Minnesota NAHRO chapter.</i></p>	<p>4.2.1 Serve on committees – Corrine</p> <p>4.2.2 Serve on Board - Jennifer</p> <p>4.2.3 Attend events – various staff</p>	<ul style="list-style-type: none"> • Staff serve on committees and Board • Regularly send staff to state conference 	<ul style="list-style-type: none"> • Ongoing
<p>Objective 4.3</p> <p><i>Provide access to financial education for future homebuyers.</i></p>	<p>4.3.1 Partner with and support organizations currently doing it – SEMMCHRA & Three Rivers CAC</p> <p>4.3.2 Promote awareness of program with family residents</p> <p>4.3.3 Staff provide classes with partners</p>	<ul style="list-style-type: none"> • Referrals made to providers 	<ul style="list-style-type: none"> • Regular schedule of provider

GOAL 5: STRENGTHEN REDEVELOPMENT PROGRAMS AND SERVICES

Senior Management Sponsor: Kurt

Objectives	Initiatives (Action Steps)	Progress June 2023	Target Completion
<p>Objective 5.1 <i>Hire a Redevelopment Coordinator and become more active with redevelopment in the community.</i></p>	<p>5.1.1 Collaborate with City, County and others initiatives</p> <p>5.1.2 Executive Director initiate</p> <p>5.1.3 Contract with CEDA for services</p> <p>5.1.4 Regular Small Cities Application</p>	<ul style="list-style-type: none"> • <i>ED serving in this capacity</i> 	
<p>Objective 5.2 <i>Actively collaborate with the City and the Port Authority on projects. Leverage HRA funds to maximum extent feasible.</i></p>	<p>5.2.1 Participate in the development of the Red Wing comprehensive economic development strategy</p> <p>5.2.2 Meet with both on a regular basis</p> <p>5.2.3 Share resources</p> <p>5.2.4 DTMS Redevelopment Challenge</p> <p>5.2.5 Three Rivers MOU</p>	<ul style="list-style-type: none"> • <i>Meet regularly with CD Director</i> • <i>DTMS Challenge completed</i> • <i>Three Rivers MOU activity</i> • <i>Joint Board workshop completed. Possible joint project on former Central Research site not likely at this time</i> 	<ul style="list-style-type: none"> • <i>Ongoing</i>
<p>Objective 5.3 <i>Rejuvenate areas of the city with housing investments.</i></p>	<p>5.3.3 Redevelop or develop new units in existing buildings</p> <p>5.3.2 Adaptive re-use</p> <p>5.3.3 Partner with developers – Habitat Tax Forfeit Project</p>	<ul style="list-style-type: none"> • <i>Acquired and sold 209 E 5th Street to Habitat for new affordable ownership opportunities</i> • <i>AHTF activity</i> 	<ul style="list-style-type: none"> • <i>Ongoing</i>



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Red Wing Housing & Redevelopment Authority

**Deer Run Townhomes
613 21st Street
Red Wing, MN 55066**

**Physical Needs Assessment
Based on the MHFA 20 Year Capital Expenditure Template**

**Executive Summary
December 2, 2022**

**Prepared for
Red Wing Housing & Redevelopment Authority
428 West 5th Street
Red Wing, MN 55066**

**Prepared by
Finn Daniels, Inc.
2145 Ford Parkway Suite 301
Saint Paul, MN 55116**

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1.0 Summary

1.1 SITE / FACILITY DATA SHEET

Owner Information:

Owner: Red Wing Housing & Redevelopment Authority
428 West 5th Street
Red Wing, MN 55066

Contacts: Kurt Keena, Executive Director
Phone: (651) 388-7574
Email: kurt.keena@ci.red-wing.mn.us

Jennifer Cook, Housing Director
Phone: (651) 301-7024
Email: jennifer.cook@ci.red-wing.mn.us

Erick Johnson, Head of Maintenance
Phone: (651) 388-7571
Email: erick.johnson@ci.red-wing.mn.us

Building Types:

Townhouse (T): Deer Run Townhomes
613 21st Street
Red Wing, MN 55066

Year Constructed

1974

Inspection Information:

Date Inspected: August 12, 2022 / August 15, 2022
Plans Available: Yes
Total # of Units: 6
Required to be Inspected: 2 (6 x 25% = 1.5 = 2)
Inspected: 6
Units Inspected: All

Unit Breakdown:

<u>Classification</u>	<u>Unit Type</u>	<u>Quantity</u>	<u># Bed/# Bath</u>	<u>Square Footages</u>	
3 Bedroom	A	1	3 / 1.5	1,139 SF	(Gross Living)
				633 SF	(Gross Non-Living)
4 Bedroom	B	1	4 / 1.5	1,355 SF	(Gross Living)
				694 SF	(Gross Non-Living)
3 Bedroom	C	1	3 / 1	1,054 SF	(Gross Living)
				1,119 SF	(Gross Non-Living)
3 Bedroom	D	1	3 / 1	1,054 SF	(Gross Living)
				1,119 SF	(Gross Non-Living)
3 Bedroom	E	1	3 / 1.5	1,137 SF	(Gross Living)
				632 SF	(Gross Non-Living)
3 Bedroom	F	1	3 / 1.5	1,139 SF	(Gross Living)
				635 SF	(Gross Non-Living)

Site Information:

Site Area: 31,317 SF = 0.72 Acres

Impervious Surfaces:

Buildings Coverage:	4,991 SF
Other Impervious Surfaces:	9,634 SF (Asphalt, Concrete, etc.)
Total:	14,625 SF
% of Site Covered by Impervious Surfaces:	46.7 %

Pervious Surfaces:

Pervious Surfaces:	16,692 SF	(Grass, mulch, landscaping, etc.)
% of Site Covered by Pervious Surfaces:	53.3%	

Building:

Number of Buildings:	1	
Number of Stories:	2 (+Basement)	
SF per Floor:		
Basement =	0 SF	(Gross Living)
	4,363 SF	(Gross Non-Living)
Level 1 =	4,519 SF	(Gross Living)
	470 SF	(Gross Non-Living)
Level 2 =	2,359 SF	(Gross Living)
	0 SF	(Gross Non-Living)
Subtotal =	6,878 SF	(Gross Living)
	4,833 SF	(Gross Non-Living)
Total =	11,711 SF	

Parking:

Off-Street Parking Spaces (# of Total Spaces incl. HC):	12
HC Parking Spaces Provided (# of HC Spaces):	0

1.2 General Information

The Red Wing HRA operates and maintains the Deer Run Townhomes building in Red Wing, MN.

- 1 Building with 6 attached units
- 1-story / 2-story above grade with basement below grade.
 - 4 units are 2-story
 - 3 units are 3 bedrooms with 1.5 bathrooms
 - 1 unit is 4 bedrooms with 1.5 bathrooms
 - Two units are 1-story
 - Both units are 3 bedroom with 1 bathroom
 - See Site / Facility Data Sheet section above for additional breakdown information.
- No interior common areas
- See Physical Needs Assessment Plans dated 11/28/2022 under separate cover for existing site building, unit, roof, and exterior elevation layouts.

1.3 General Conditions

The site is accessible for both vehicles and pedestrians. There is street parking at the front of the building and resident parking in the parking lot at each end of the building. The building is 1 and 2-story units built primarily of wood stud and gypsum board construction with steel siding exteriors above grade and poured concrete basements that are furred and insulated with gypsum board overlay on the interior side.

The building and site have been well maintained with periodic maintenance and are in generally good operating condition but are in need of larger "systems" repairs which are quite typical of buildings of this age. See photo documentation under separate cover.

1.4 Property Estimated Useful Life

The improvements to the building and site have been performed adequately since the original construction. Provided that as components and systems age or fail, and repairs and replacements are made in an appropriate and timely manner it is our opinion that the properties Estimated Useful Life should be at least 40 years barring natural disasters or acts of terror.

2.0 Building Information

2.1 General Information

- Year Constructed – 1974
- 1 and 2-story townhouse building assumed under the 2020 Minnesota Building Code to be a type V-B (Unprotected Wood Frame) construction of R-2 (Multi-Residential). Alternatively, assumed under the 2020 Minnesota Residential Code to be classified as IRC-3 (Townhouse).
- This building is not considered to be accessible to people with disabilities. See Specific Building Deficiencies section below for additional information regarding accessibility.

2.2 Specific Building Deficiencies

- Handicap Accessibility
 - This building does not have any handicap accessible units therefore it does not comply with the minimum 5% required on it's own. However, if this building (Deer Run Townhomes (DR)) along with Jordan Tower I Apartments (JI), Featherstone Townhomes (F), Pioneer Place Townhomes (PP), and Hallstrom Single Family home (H) are considered as a group, which would be subject to HUD and any other applicable governing authority's approval, the minimum required number of accessible units would be accounted for at Jordan Tower I Apartments which has 6 total handicap accessible units.
 - $6(DR) + 100(JI) + 6(F) + 6(PP) + 1(H) = 119$ Total Units
 - $119 \times 5\% = 5.95 = 6$ Accessible Units Required
- The following major components are at the end of their expected useful life and are in need of replacement:
 - Parking Lots (Asphalt)
 - Sidewalks and Entry Stoops (Concrete)
 - Windows
 - Bathroom Fixtures
 - Interior Flooring
- The following components are nearing the end of their expected useful life and will be in need of replacement soon:
 - Foundation Waterproofing
 - Plumbing Piping
 - Electrical Panels
 - HVAC Maintenance

3.0 Anticipated Capital Expenses

3.1 Total Cumulative Anticipated Capital Expenses

The PNA calculates anticipated capital expenses over a 20-year period.

20 year projections estimate a total capital need of \$1,025,193 in (today's dollars) over that 20 year period. The MHFA Template also adjusts each year's capital expenditure with a prescribed rate of inflation to indicate what the cost of improvements may cost years from now. What is clear is that at the roughly 3% rate of inflation in the form, projects that are scheduled years from now will be more costly. While the MHFA form uses roughly 3% we are seeing much greater increases in Construction Costs due to the current bidding environment which is very unstable. Design Professional Service Fees are not included in the Construction Costs nor are Hazardous Materials Abatement Costs.

The following sub-totals are in "Today's Dollars"

- \$390,420 – Immediate need – Year 1
- \$185,383 Needed in years 2-5
- \$250,118 Needed in years 6-10
- \$79,255 Needed in years 11-15
- \$120,017 Needed in years 16-20

It is highly recommended that the Housing Authority review the costs included in the first 3 years and perhaps the first 5 years to determine what projects they wish to proceed with. Some items in years 2-5 will likely make sense to move up into a more immediate project, for economies of scale, and reducing "rework" associated with several smaller projects.

3.2 Anticipated Costs per Unit over the 20-Year Period

- The anticipated cost per unit is \$170,866 (in today's dollars)

3.3 Highlights - Large Scale Anticipated Capital Expenditures Years 1-3

Again the following costs are in today's dollars and do not include Design Professional Service Fees nor Hazardous Materials Abatement Costs.

- Parking Lots = \$47,974
 - Includes complete removal and replacement.
- Walkways and Entry Stoops = \$58,421
 - Includes complete removal and replacement including railings at entry stoops.
- Windows = \$81,145
 - Includes changing from vinyl windows to fiberglass windows for added durability. Also includes replacing basement windows.
- Bathroom Fixtures = \$58,637
 - Includes replacement of all bathroom plumbing fixtures and related components as well as replacement of plumbing piping and sanitary sewer line.
- Interior Flooring = \$65,571
 - Includes replacement of all flooring throughout units including on stairways. Does not include any flooring on basement stairs, which are currently painted wood, or basement floors, which are currently exposed concrete slabs.
- Foundation Waterproofing = \$73,249
 - Includes excavating around exterior perimeter of the building to replace existing draitile, if existing, or add if not existing, and application of new waterproofing on foundation wall surfaces. Also includes backfill and new landscaping once work is complete
- Electrical Panels = \$18,216
 - Includes replacement of each tenant electrical panel.
- HVAC Maintenance = \$21,519
 - Includes replacement of kitchen and bathroom exhaust fans, range hoods, water heaters, and dryer vent ductwork. Also includes cleaning of all ductwork.

The sum of the Large Scale Anticipated Capital Expenditures in years 1-3 listed above equals \$424,732 out of the total of \$514,083 anticipated over the 3 year period.

3.4 Hazardous Materials Notes

- **Asbestos:**
 - Currently there is no "Full Building" Asbestos Survey Report for the facility. A "Limited" asbestos survey report was completed for the facility on April, 27 2012 by Barun Intertec Corporation which indicated some positive tests asbestos.
 - It would be wise for the HRA to invest in a "Whole Building" Asbestos Survey and Inspection Report. This will save money in the long term and provide a tool for better planning and pricing of potential projects.
- **Lead:**
 - A "Full Building" Lead-Based Paint Inspection was completed for the facility on December 8, 1994 by Professional Services, Inc. which indicated no positive tests.
- **Cost Implications:**
 - Costs for hazardous abatement are not included in the above costs nor are they included in the 20 Year Capital Expenditures Template.
 - For budgeting purposes, an additional 10% - 15% on average should be considered on top of the costs listed.

3.5 Basis of Expenses

The Capital Expenditure projections listed above are based on:

- On-site observations conducted on August 12, 2022 and August 15, 2022 for:
 - Site
 - Building exterior
 - Building systems
 - All tenant units
- Expected Useful Life (EUL) Tables from sources such as Minnesota Housing Finance Agency (MHFA), Fannie Mae, U.S. Department of Housing and Urban Development (HUD) , and R.S Means.
- Cost indexes primarily from RS Means 2021 edition. Also see section 4.6 Opinion of Cost section below.
- An energy audit was not performed in conjunction with the building inspections.
- Section 504 Handicapped Accessibility to make building as compliant as possible to current code.
- Maintenance and marketability items the HRA believes are necessary for the properties.

4.0 Qualifications

4.1 Purpose

The purpose of the PNA is to observe and document the conditions and possible defects of readily visible materials and building systems which might significantly affect the value of the property, and to evaluate if conditions exist, which may have a significant impact of the continued operation of the facility.

The observations, findings, and conclusions within this report are based on the professional judgment and information obtained during the course of this assessment.

The Red Wing HRA is expected to use the information provided in this PNA to assist in decisions regarding future maintenance and usability of the existing facility.

4.2 Scope

This report is based on observations made during an on-site review. The on-site review included several site visits by two staff members of Finn Daniels, Inc. along with interviews of the staff and review of construction drawings and other documents obtained from the Red Wing HRA.

4.3 Procedures

The on-site survey includes observations of visible and readily accessible areas, visual observations of site improvements, building exterior and enclosure systems, building structure, mechanical, electrical,

plumbing, and life/safety fire protection systems, interior construction and finishes and general ADA and Section 504 Compliance.

The observations were performed without testing, sampling, operating equipment, disassembling or damaging the existing building systems (i.e.: no destructive testing was authorized or performed in the assessment). Assumptions regarding the overall condition of the property have been developed based on a review of "representative" units, consequently certain assumptions have been made regarding the conditions of all units. As such, the schematic methods and associated costs for the correction of identified deficiencies are based on observations, and are also limited with respect to completeness.

4.4 Limitations

The opinions and recommendations contained herein are based on the site reviewer's observation of construction, improvements, observable defects, deficiencies and wear, review of available documents, evaluations of the information provided, and interviews with personnel familiar with the property, and the condition and performance of systems and improvements.

No calculations have been performed to determine the adequacy of the facility's original design.

The recommendations and opinions of cost provided herein are for observed deficiencies and expected wear based on the Estimated Useful Life and the Remaining Useful Life of each component and under the understanding that the facility will continue operating in its present occupancy classification.

The opinions and recommendations contained in this PNA shall not be construed as a warranty or guarantee of the current performance or any future performance of the building, building systems, or improvements.

4.5 Use and Reliance Restrictions

The observations, findings, and conclusions contained in this report are based on the professional judgment of a qualified professional experienced in this type of work using the degree of skill and care normally exercised by reputable consultants performing similar services under like assignments and circumstances.

This report has been prepared for the use and benefit of the Red Wing HRA, its consultants, agents, and affiliated personnel. Reliance has been placed on the accuracy and disclosure of the property conditions as reported by management personnel with regard to equipment operation, condition of spaces and concealed areas not observed or viewable, and for the disclosure of known problems, if any. Possession of this report does not imply the right to publication, nor may it be used for any purpose by anyone but the Red Wing HRA in any event, and only in its entirety.

4.6 Opinion of Cost

The Opinion of Costs presented are for the readily visible materials and building systems defects and wear items that affect the value and operation of the facilities over the next 20 years. These opinions do not constitute a warranty on items/systems longevity.

The opinions presented are based on published unit prices data primarily from RS Means 2021 edition pricing guidelines. Where a component may not be covered by RS Means cost indexes, alternate methods such as engaging engineers, manufacturers, contractors, previously completed projects with similar scopes, and/or internet-based information in conjunction with our best professional judgement was utilized to ascertain costs required by the PNA. All costs are stated in present value with inflation factors as listed on MHFA's 20 Year Capital Expenditure Template. Additional inflation should be considered given the current economic environment.

In evaluating the costs presented, it is important to understand that actual costs depend on various factors including but not limited to, existing conditions not readily apparent during the PNA inspection, contractor's expertise, previous contractor commitment, seasonal workload, local conditions, insurance, bonding,

required labor rates, lender requirements, etc. These and other factors may cause wide variations in actual cost provided from bidder to bidder. In view of these limitations, the costs presented herein should be considered "order of magnitude" and used for budgeting purposes only and should not be interpreted as a bid or offer to perform the work. Detail design and contractor bidding is required to determine actual cost.

MHFA's 20 Year Capital Expenditure Template typically considers replacement of components without thorough consideration of their impact on surrounding materials and areas, and associated work that may be necessary to perform the actual replacement of the component. Therefore, replacement of complicated or concealed systems is likely to be more costly than the actual component replacement.

Report respectfully submitted by:



Rebecca L. Olson, NCARB, AIA
MN Registration number 49243
Finn Daniels, Inc.
December 2, 2022



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Red Wing Housing & Redevelopment Authority

**Featherstone Townhomes
861 Featherstone Road
Red Wing, MN 55066**

**Physical Needs Assessment
Based on the MHFA 20 Year Capital Expenditure Template**

**Executive Summary
December 2, 2022**

**Prepared for
Red Wing Housing & Redevelopment Authority
428 West 5th Street
Red Wing, MN 55066**

**Prepared by
Finn Daniels, Inc.
2145 Ford Parkway Suite 301
Saint Paul, MN 55116**

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1.0 Executive Summary

1.1 SITE / FACILITY DATA SHEET

Owner Information:

Owner: Red Wing Housing & Redevelopment Authority
428 West 5th Street
Red Wing, MN 55066

Contacts: Kurt Keena, Executive Director
Phone: (651) 388-7574
Email: kurt.keena@ci.red-wing.mn.us

Jennifer Cook, Housing Director
Phone: (651) 301-7024
Email: jennifer.cook@ci.red-wing.mn.us

Erick Johnson, Head of Maintenance
Phone: (651) 388-7571
Email: erick.johnson@ci.red-wing.mn.us

Building Types:

Duplex (D): Featherstone Townhomes
861 Featherstone Road
Red Wing, MN 55066

Year Constructed

1975

Inspection Information:

Date Inspected: August 17, 2022 / August 19, 2022
Plans Available: Yes
Total # of Units: 6
Required to be Inspected: 2 (6 x 25% = 1.5 = 2)
Inspected: 6
Units Inspected: All

Unit Breakdown:

<u>Classification</u>	<u>Unit Type</u>	<u>Quantity</u>	<u># Bed/# Bath</u>	<u>Square Footages</u>	
4 Bedroom	A	1	4 / 1.5	1,362 SF	(Gross Living)
				669 SF	(Gross Non-Living)
3 Bedroom	B	1	3 / 1.5	1,175 SF	(Gross Living)
				614 SF	(Gross Non-Living)
3 Bedroom	C	1	3 / 1.5	1,167 SF	(Gross Living)
				609 SF	(Gross Non-Living)
3 Bedroom	D	1	3 / 1.5	1,167 SF	(Gross Living)
				609 SF	(Gross Non-Living)
3 Bedroom	E	1	3 / 1.5	1,167 SF	(Gross Living)
				609 SF	(Gross Non-Living)
3 Bedroom	F	1	3 / 1.5	1,167 SF	(Gross Living)
				609 SF	(Gross Non-Living)

Site Information:

Site Area: 59,490 SF = 1.37 Acres

Impervious Surfaces:

Buildings Coverage: 3,973 SF
Asphalt Street (Within Property Line): 10,157 SF
Other Impervious Surfaces: 6,794 SF (Asphalt, Concrete, etc.)
Total: 20,924 SF
% of Site Covered by Impervious Surfaces: 35.2 %

Pervious Surfaces:

Pervious Surfaces: 38,566 SF (Grass, mulch, landscaping, etc.)
% of Site Covered by Pervious Surfaces: 64.8%

Buildings:

Number of Buildings: 3
Number of Stories: 2 (+Basement) Each

Building A/B:

SF per Floor:

Basement =	0 SF	(Gross Living)
	1,193 SF	(Gross Non-Living)
Level 1 =	1,292 SF	(Gross Living)
	90 SF	(Gross Non-Living)
Level 2 =	1,246 SF	(Gross Living)
	0 SF	(Gross Non-Living)
Subtotal =	2,538 SF	(Gross Living)
	1,283 SF	(Gross Non-Living)
Total =	3,821 SF	

Building C/D:

SF per Floor:

Basement =	0 SF	(Gross Living)
	1,127 SF	(Gross Non-Living)
Level 1 =	1,205 SF	(Gross Living)
	90 SF	(Gross Non-Living)
Level 2 =	1,127 SF	(Gross Living)
	0 SF	(Gross Non-Living)
Subtotal =	2,332 SF	(Gross Living)
	1,217 SF	(Gross Non-Living)
Total =	3,549 SF	

Building E/F:

SF per Floor:

Basement =	0 SF	(Gross Living)
	1,127 SF	(Gross Non-Living)
Level 1 =	1,205 SF	(Gross Living)
	90 SF	(Gross Non-Living)
Level 2 =	1,127 SF	(Gross Living)
	0 SF	(Gross Non-Living)
Subtotal =	2,332 SF	(Gross Living)
	1,217 SF	(Gross Non-Living)
Total =	3,549 SF	

Parking:

Off-Street Parking Spaces (# of Total Spaces incl. HC):	12
HC Parking Spaces Provided (# of HC Spaces):	0

1.2 General Information

The Red Wing HRA operates and maintains the Featherstone Townhomes buildings in Red Wing, MN.

- 3 Building with 2 attached units each.
- 2-story above grade with basement below grade.
 - 5 units are 3 bedrooms with 1.5 bathrooms
 - 1 unit is 4 bedrooms with 1.5 bathrooms
 - See Site / Facility Data Sheet section above for additional breakdown information.
- No interior common areas
- See Physical Needs Assessment Plans dated 11/28/2022 under separate cover for existing site, building, unit, roof, and exterior elevation layouts.

1.3 General Conditions

The site is accessible for both vehicles and pedestrians. There is street parking at the front of the buildings and resident parking on driveways leading up to the side entries of each unit. The buildings are 2-story units built primarily of wood stud and gypsum board construction with steel siding exteriors above grade and poured concrete basements that are furred and insulated with gypsum board overlay on the interior side.

The building and site have been well maintained with periodic maintenance and are in generally good operating condition but are in need of larger "systems" repairs which are quite typical of buildings of this age. See photo documentation under separate cover.

1.4 Property Estimated Useful Life

The improvements to the building and site have been performed adequately since the original construction. Provided that as components and systems age or fail, and repairs and replacements are made in an appropriate and timely manner it is our opinion that the properties Estimated Useful Life should be at least 40 years barring natural disasters or acts of terror.

2.0 Building Information

2.1 General Information

- Year Constructed – 1975

- 2-story duplex buildings assumed under the 2020 Minnesota Building Code to be a type V-B (Unprotected Wood Frame) construction of R-2 (Multi-Residential). Alternatively, assumed under the 2020 Minnesota Residential Code to be classified as IRC-2 (dwelling – two units).
- This building is not considered to be accessible to people with disabilities. See Specific Building Deficiencies section below for additional information regarding accessibility.

2.2 Specific Building Deficiencies

- Handicap Accessibility
 - This building does not have any handicap accessible units therefore it does not comply with the minimum 5% required on its own. However, if these buildings (Featherstone Townhomes (F)) along with Jordan Tower I Apartments (JI), Deer Run Townhomes (DR), Pioneer Place Townhomes (PP), and Hallstrom Single Family home (H) are considered as a group, which would be subject to HUD and any other applicable governing authority's approval, the minimum required number of accessible units would be accounted for at Jordan Tower I Apartments which has 6 total handicap accessible units.
 - $6(F) + 100(JI) + 6(DR) + 6(PP) + 1(H) = 119$ Total Units
 - $119 \times 5\% = 5.95 = 6$ Accessible Units Required
 - Furthermore, there are no bedrooms currently on the first level of any of the units at the Featherstone Townhomes therefore it would be technically infeasible and/or extremely costly to modify one of the units to make it handicap accessible.
- The following major components are at the end of their expected useful life and are in need of replacement:
 - Concrete Repair/Replacement
 - Windows and Storage Doors
 - Bathroom Fixtures
 - Interior Flooring
- The following components are nearing the end of their expected useful life and will be in need of replacement soon:
 - Foundation Waterproofing
 - Plumbing Piping
 - Electrical Panels
 - HVAC Maintenance

3.0 Anticipated Capital Expenses

3.1 Total Cumulative Anticipated Capital Expenses

The PNA calculates anticipated capital expenses over a 20-year period.

20 year projections estimate a total capital need of \$1,089,948 in (today's dollars) over that 20 year period. The MHFA Template also adjusts each year's capital expenditure with a prescribed rate of inflation to indicate what the cost of improvements may cost years from now. What is clear is that at the roughly 3% rate of inflation in the form, projects that are scheduled years from now will be more costly. While the MHFA form uses roughly 3% we are seeing much greater increases in Construction Costs due to the current bidding environment which is very unstable. Professional Service Fees are not included in the Construction Costs nor are Abatement Costs.

The following sub-totals are in "Today's Dollars"

- \$373,032 – Immediate need – Year 1
- \$301,007 Needed in years 2-5
- \$221,801 Needed in years 6-10
- \$71,338 Needed in years 11-15
- \$122,771 Needed in years 16-20

It is highly recommended that the Housing Authority review the costs included in the first 3 years and perhaps the first 5 years to determine what projects they wish to proceed with. Some items in years 2-5 will likely make sense to move up into a more immediate project, for economies of scale, and reducing "rework" associated with several smaller projects.

3.2 Anticipated Costs per Unit over the 20-Year Period

- The anticipated cost per unit is \$181,658 (in today's dollars)

3.3 Highlights - Large Scale Anticipated Capital Expenditures Years 1-3

Again the following costs are in today's dollars and do not include Design Professional Service Fees nor Hazardous Materials Abatement Costs.

- Concrete Repair/Replacement = \$33,602
 - Includes removal and replacement of select concrete walkway and drive sections, complete removal and replacement of entry stoops, and replacement of entry stoop handrails.
- Windows and Storage Doors = \$126,896
 - Includes changing from vinyl windows to fiberglass windows for added durability. Also includes replacing basement windows and storage doors.
- Bathroom Fixtures = \$67,555
 - Includes replacement of all bathroom plumbing fixtures and related components as well as replacement of plumbing piping and sanitary sewer line.
- Interior Flooring = \$67,305
 - Includes replacement of all flooring throughout units including on stairways. Does not include any flooring on basement stairs, which are currently painted wood, or basement floors, which are currently exposed concrete slabs.
- Foundation Waterproofing = \$78,678
 - Includes excavating around exterior perimeter of the building to replace existing drain tile, if existing, or add if not existing, and application of new waterproofing on foundation wall surfaces. Also includes backfill and new landscaping once work is complete
- Electrical Panels = \$18,216
 - Includes replacement of each tenant electrical panel.
- HVAC Maintenance = \$21,519
 - Includes replacement of kitchen and bathroom exhaust fans, range hoods, water heaters, and dryer vent ductwork. Also includes cleaning of all ductwork.

The sum of the Large Scale Anticipated Capital Expenditures in years 1-3 listed above equals \$413,771 out of the total of \$509,794 anticipated over the 3 year period.

3.4 Hazardous Materials Notes

- Asbestos:
 - Currently there is no "Full Building" Asbestos Survey Report for the facility. A "Limited" asbestos survey report was completed for the facility on April, 27 2012 by Barun Intertec Corporation which indicated some positive tests asbestos.
 - It would be wise for the HRA to invest in a "Whole Building" Asbestos Survey and Inspection Report. This will save money in the long term and provide a tool for better planning and pricing of potential projects.
- Lead:
 - A "Full Building" Lead-Based Paint Inspection was completed for the facility on December 8, 1994 by Professional Services, Inc. which indicated no positive tests.
- Cost Implications:
 - Costs for hazardous abatement are not included in the above costs nor are they included in the 20 Year Capital Expenditures Template.
 - For budgeting purposes, an additional 10% - 15% on average should be considered on top of the costs listed.

3.5 Basis of Expenses

The Capital Expenditure projections listed above are based on:

- On-site observations conducted on August 17, 2022 and August 19, 2022 for:

- Site
- Building exterior
- Building systems
- All tenant units

- Expected Useful Life (EUL) Tables from sources such as Minnesota Housing Finance Agency (MHFA), Fannie Mae, U.S. Department of Housing and Urban Development (HUD), and R.S Means.
- Cost indexes primarily from RS Means 2021 edition. Also see section 4.6 Opinion of Cost section below.
- An energy audit was not performed in conjunction with the building inspections.
- Section 504 Handicapped Accessibility to make building as compliant as possible to current code.
- Maintenance and marketability items the HRA believes are necessary for the properties.

4.0 Qualifications

4.1 Purpose

The purpose of the PNA is to observe and document the conditions and possible defects of readily visible, materials and building systems which might significantly affect the value of the property, and to evaluate if conditions exist, which may have a significant impact of the continued operation of the facility.

The observations, findings, and conclusions within this report are based on the professional judgment and information obtained during the course of this assessment.

The Red Wing HRA is expected to use the information provided in this PNA to assist in decisions regarding future maintenance and usability of the existing facility.

4.2 Scope

This report is based on observations made during an on-site review. The on-site review included several site visits by two staff members of Finn Daniels, Inc. along with interviews of the staff and review of construction drawings and other documents obtained from the Red Wing HRA.

4.3 Procedures

The on-site survey includes observations of visible and readily accessible areas, visual observations of site improvements, building exterior and enclosure systems, building structure, mechanical, electrical, plumbing, and life/safety fire protection systems, interior construction and finishes and general ADA and Section 504 Compliance.

The observations were performed without testing, sampling, operating equipment, disassembling or damaging the existing building systems (i.e.: no destructive testing was authorized or performed in the assessment). Assumptions regarding the overall condition of the property have been developed based on a review of "representative" units, consequently certain assumptions have been made regarding the conditions of all units. As such, the schematic methods and associated costs for the correction of identified deficiencies are based on observations, and are also limited with respect to completeness.

4.4 Limitations

The opinions and recommendations contained herein are based on the site reviewer's observation of construction, improvements, observable defects, deficiencies and wear, review of available documents, evaluations of the information provided, and interviews with personnel familiar with the property, and the condition and performance of systems and improvements.

No calculations have been performed to determine the adequacy of the facility's original design.

The recommendations and opinions of cost provided herein are for observed deficiencies and expected wear based on the Estimated Useful Life and the Remaining Useful Life of each component and under the understanding that the facility will continue operating in its present occupancy classification.

The opinions and recommendations contained in this PNA shall not be construed as a warranty or guarantee of the current performance or any future performance of the building, building systems, or improvements.

4.5 Use and Reliance Restrictions

The observations, findings, and conclusions contained in this report are based on the professional judgment of a qualified professional experienced in this type of work using the degree of skill and care normally exercised by reputable consultants performing similar services under like assignments and circumstances.

This report has been prepared for the use and benefit of the Red Wing HRA, its consultants, agents, and affiliated personnel. Reliance has been placed on the accuracy and disclosure of the property conditions as reported by management personnel with regard to equipment operation, condition of spaces and concealed areas not observed or viewable, and for the disclosure of known problems, if any. Possession of this report does not imply the right to publication, nor may it be used for any purpose by anyone but the Red Wing HRA in any event, and only in its entirety.

4.6 Opinion of Cost

The Opinion of Costs presented are for the readily visible materials and building systems defects and wear items that affect the value and operation of the facilities over the next 20 years. These opinions do not constitute a warranty on items/systems longevity.

The opinions presented are based on published unit prices data primarily from RS Means 2021 edition pricing guidelines. Where a component may not be covered by RS Means cost indexes, alternate methods such as engaging engineers, manufacturers, contractors, previously completed projects with similar scopes, and/or internet-based information in conjunction with our best professional judgement was utilized to ascertain costs required by the PNA. All costs are stated in present value with inflation factors as listed on MHFA's 20 Year Capital Expenditure Template. Additional inflation should be considered given the current economic environment.

In evaluating the costs presented, it is important to understand that actual costs depend on various factors including but not limited to, existing conditions not readily apparent during the PNA inspection, contractor's expertise, previous contractor commitment, seasonal workload, local conditions, insurance, bonding, required labor rates, lender requirements, etc. These and other factors may cause wide variations in actual cost provided from bidder to bidder. In view of these limitations, the costs presented herein should be considered "order of magnitude" and used for budgeting purposes only and should not be interpreted as a bid or offer to perform the work. Detail design and contractor bidding is required to determine actual cost.

MHFA's 20 Year Capital Expenditure Template typically considers replacement of components without thorough consideration of their impact on surrounding materials and areas, and associated work that may be necessary to perform the actual replacement of the component. Therefore, replacement of complicated or concealed systems is likely to be more costly than the actual component replacement.

Report respectfully submitted by:



Rebecca L. Olson, NCARB, AIA
MN Registration number 49243
Finn Daniels, Inc.
December 2, 2022



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Red Wing Housing & Redevelopment Authority

**Hallstrom Single Family Home
813 Hallstrom Drive
Red Wing, MN 55066**

**Physical Needs Assessment
Based on the MHFA 20 Year Capital Expenditure Template**

**Executive Summary
December 2, 2022**

**Prepared for
Red Wing Housing & Redevelopment Authority
428 West 5th Street
Red Wing, MN 55066**

**Prepared by
Finn Daniels, Inc.
2145 Ford Parkway Suite 301
Saint Paul, MN 55116**

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1.0 Executive Summary

1.1 SITE / FACILITY DATA SHEET

Owner Information:

Owner: Red Wing Housing & Redevelopment Authority
428 West 5th Street
Red Wing, MN 55066

Contacts: Kurt Keena, Executive Director
Phone: (651) 388-7574
Email: kurt.keena@ci.red-wing.mn.us

Jennifer Cook, Housing Director
Phone: (651) 301-7024
Email: jennifer.cook@ci.red-wing.mn.us

Erick Johnson, Head of Maintenance
Phone: (651) 388-7571
Email: erick.johnson@ci.red-wing.mn.us

Building Types:

Single Family (H): Hallstrom Single Family Home
813 Hallstrom Drive
Red Wing, MN 55066

Year Constructed

1975

Inspection Information:

Date Inspected: August 22, 2022
Plans Available: Yes
Total # of Units: 1
Required to be Inspected: 1 (1 x 25% = .25 = 1)
Inspected: 1
Units Inspected: All

Unit Breakdown:

<u>Classification</u>	<u>Unit Type</u>	<u>Quantity</u>	<u># Bed/# Bath</u>	<u>Square Footages</u>	
4 Bedroom	N/A	1	4 / 1.5	1,263 SF	(Gross Living)
				1,265 SF	(Gross Non-Living)

Site Information:

Site Area: 9,005 SF = 0.21 Acres

Impervious Surfaces:

Buildings Coverage: 1,328 SF
Other Impervious Surfaces: 727 SF (Asphalt, Concrete, etc.)
Total: 2,055 SF
% of Site Covered by Impervious Surfaces: 22.8 %

Pervious Surfaces:

Pervious Surfaces: 6,950 SF (Grass, mulch, landscaping, etc.)
% of Site Covered by Pervious Surfaces: 77.2%

Buildings:

Number of Buildings: 1
Number of Stories: 1 (+Basement)

SF per Floor:

Basement =	0 SF	(Gross Living)
	1,200 SF	(Gross Non-Living)
Level 1 =	1,263 SF	(Gross Living)
	65 SF	(Gross Non-Living)
Subtotal =	1,263 SF	(Gross Living)
	1,265 SF	(Gross Non-Living)
Total =	2,528 SF	

Parking:

Off-Street Parking Spaces (# of Total Spaces incl. HC): 2
HC Parking Spaces Provided (# of HC Spaces): 0

1.2 General Information

The Red Wing HRA operates and maintains the Hallsrom Single Family Home building in Red Wing, MN.

- 1 Single family home
- 1-story above grade with basement below grade.
 - 4 bedrooms with 1.5 bathrooms
 - See Site / Facility Data Sheet section above for additional breakdown information.
- No interior common areas
- See Physical Needs Assesment Plans dated 11/28/2022 under separate cover for existing site, building, unit, roof, and exterior elevation layouts.

1.3 General Conditions

The site is accessible for both vehicles and pedestrians. There is street parking at the front of the building and resident parking on a driveway leading up to the side entry of the house. The building is 1-story built primarily of wood stud and gypsum board construction with steel siding exteriors above grade and poured concrete basements that are furred and insulated with gypsum board overlay on the interior side.

The building and site have been well maintained with periodic maintenance and are in generally good operating condition but are in need of larger "systems" repairs which are quite typical of buildings of this age. See photo documentation under separate cover.

1.4 Property Estimated Useful Life

The improvements to the building and site have been performed adequately since the original construction. Provided that as components and systems age or fail, and repairs and replacements are made in an appropriate and timely manner it is our opinion that the properties Estimated Useful Life should be at least 40 years barring natural disasters or acts of terror.

2.0 Building Information

2.1 General Information

- Year Constructed – 1975
- 1-story single family home building assumed under the 2020 Minnesota Building Code to be a type V-B (Unprotected Wood Frame) construction of R-2 (Multi-Residential). Alternatively, assumed under the 2020 Minnesota Residential Code to be classified as IRC-1 (Dwelling – single unit).
- This building is not considered to be accessible to people with disabilities. See Specific Building Deficiencies section below for additional information regarding accessibility.

2.2 Specific Building Deficiencies

- Handicap Accessibility
 - This building is not handicap accessible therefore it does not comply with the minimum 5% required on its own. However, if this building (Hallstrom Single Family home (H)) along with Jordan Tower I Apartments (JI), Featherstone Townhomes (F), Deer Run Townhomes (DR), and Pioneer Place Townhomes (PP) are considered as a group, which would be subject to HUD and any other applicable governing authority's approval, the minimum required number of accessible units would be accounted for at Jordan Tower I Apartments which has 6 total handicap accessible units.
 - $1(H) + 100(JI) + 6(F) + 6(DR) + 6(PP) = 119$ Total Units
 - $119 \times 5\% = 5.95 = 6$ Accessible Units Required
- The following major components are at the end of their expected useful life and are in need of replacement:
 - Driveway (Asphalt)
 - Sidewalks and Entry Stoops (Concrete)
 - Deck
 - Windows
 - Bathroom Fixtures
 - Interior Flooring
- The following components are nearing the end of their expected useful life and will be in need of replacement soon:
 - Foundation Waterproofing
 - Plumbing Piping
 - Electrical Panels
 - HVAC Maintenance

3.0 Anticipated Capital Expenses

3.1 Total Cumulative Anticipated Capital Expenses

The PNA calculates anticipated capital expenses over a 20-year period. 20 year projections estimate a total capital need of \$199,579 in (today's dollars) over that 20 year period. The MHFA Template also adjusts each year's capital expenditure with a prescribed rate of inflation to indicate what the cost of improvements may cost years from now. What is clear is that at the roughly 3% rate of inflation in the form, projects that are scheduled years from now will be more costly. While the MHFA form uses roughly 3% we are seeing much greater increases in Construction Costs due to the current bidding environment which is very unstable. Professional Service Fees are not included in the Construction Costs nor are Abatement Costs.

The following sub-totals are in "Today's Dollars"

- \$66,153 – Immediate need – Year 1
- \$56,097 Needed in years 2-5
- \$41,409 Needed in years 6-10
- \$10,294 Needed in years 11-15
- \$25,627 Needed in years 16-20

It is highly recommended that the Housing Authority review the costs included in the first 3 years and perhaps the first 5 years to determine what projects they wish to proceed with. Some items in years 2-5 will

likely make sense to move up into a more immediate project, for economies of scale, and reducing "rework" associated with several smaller projects.

3.2 Anticipated Costs per Unit over the 20-Year Period

- The anticipated cost per unit is \$199,579 (in today's dollars)

3.3 Highlights - Large Scale Anticipated Capital Expenditures Years 1-3

Again the following costs are in today's dollars and do not include Design Professional Service Fees nor Hazardous Materials Abatement Costs.

- Driveway = \$4,722
 - Includes complete removal and replacement.
- Walkways and Entry Stoops = \$5,070
 - Includes complete removal and replacement including railings at entry stoops.
- Deck = \$5,624
 - Includes complete removal and replacement.
- Windows = \$16,693
 - Includes changing from vinyl windows to fiberglass windows for added durability. Also includes replacing basement windows.
- Bathroom Fixtures = \$10,261
 - Includes replacement of all bathroom plumbing fixtures and related components as well as replacement of plumbing piping and sanitary sewer line.
- Interior Flooring = \$12,039
 - Includes replacement of all flooring throughout units including on stairways. Does not include any flooring on basement stairs, which are currently painted wood, or basement floors, which are currently exposed concrete slabs.
- Foundation Waterproofing = \$28,133
 - Includes excavating around exterior perimeter of the building to replace existing drain tile, if existing, or add if not existing, and application of new waterproofing on foundation wall surfaces. Also includes backfill and new landscaping once work is complete
- Electrical Panels = \$3,036
 - Includes replacement of each tenant electrical panel.
- HVAC Maintenance = \$1,936
 - Includes replacement of kitchen and bathroom exhaust fans, range hoods, water heaters, dryer vent ductwork, and AC sleeve. Also includes cleaning of all ductwork.

The sum of the Large Scale Anticipated Capital Expenditures in years 1-3 listed above equals \$87,514 out of the total of \$107,198 anticipated over the 3 year period.

3.4 Hazardous Materials Notes

- Asbestos:
 - Currently there is no Asbestos Survey Report for the facility. It would be wise for the HRA to invest in a "Whole Building" Asbestos Survey and Inspection Report. This will save money in the long term and provide a tool for better planning and pricing of potential projects.
- Lead:
 - A "Full Building" Lead-Based Paint Inspection was completed for the facility on December 8, 1994 by Professional Services, Inc. which indicated no positive tests.
- Cost Implications:
 - Costs for hazardous abatement are not included in the above costs nor are they included in the 20 Year Capital Expenditures Template.
 - For budgeting purposes, an additional 10% - 15% on average should be considered on top of the costs listed.

3.5 Basis of Expenses

The Capital Expenditure projections listed above are based on:

- On-site observations conducted on August 22, 2022 for:

Site
Building exterior
Building systems
Building interior

- Expected Useful Life (EUL) Tables from sources such as Minnesota Housing Finance Agency (MHFA), Fannie Mae, U.S. Department of Housing and Urban Development (HUD), and R.S Means.
- Cost indexes primarily from RS Means 2021 edition. Also see section 4.6 Opinion of Cost section below.
- An energy audit was not performed in conjunction with the building inspections.
- Section 504 Handicapped Accessibility to make building as compliant as possible to current code.
- Maintenance and marketability items the HRA believes are necessary for the properties.

4.0 Qualifications

4.1 Purpose

The purpose of the PNA is to observe and document the conditions and possible defects of readily visible, materials and building systems which might significantly affect the value of the property, and to evaluate if conditions exist, which may have a significant impact of the continued operation of the facility.

The observations, findings, and conclusions within this report are based on the professional judgment and information obtained during the course of this assessment.

The Red Wing HRA is expected to use the information provided in this PNA to assist in decisions regarding future maintenance and usability of the existing facility.

4.2 Scope

This report is based on observations made during an on-site review. The on-site review included several site visits by two staff members of Finn Daniels, Inc. along with interviews of the staff and review of construction drawings and other documents obtained from the Red Wing HRA.

4.3 Procedures

The on-site survey includes observations of visible and readily accessible areas, visual observations of site improvements, building exterior and enclosure systems, building structure, mechanical, electrical, plumbing, and life/safety fire protection systems, interior construction and finishes and general ADA and Section 504 Compliance.

The observations were performed without testing, sampling, operating equipment, disassembling or damaging the existing building systems (i.e.: no destructive testing was authorized or performed in the assessment). Assumptions regarding the overall condition of the property have been developed based on a review of "representative" units, consequently certain assumptions have been made regarding the conditions of all units. As such, the schematic methods and associated costs for the correction of identified deficiencies are based on observations, and are also limited with respect to completeness.

4.4 Limitations

The opinions and recommendations contained herein are based on the site reviewer's observation of construction, improvements, observable defects, deficiencies and wear, review of available documents, evaluations of the information provided, and interviews with personnel familiar with the property, and the condition and performance of systems and improvements.

No calculations have been performed to determine the adequacy of the facility's original design.

The recommendations and opinions of cost provided herein are for observed deficiencies and expected wear based on the Estimated Useful Life and the Remaining Useful Life of each component and under the understanding that the facility will continue operating in its present occupancy classification.

The opinions and recommendations contained in this PNA shall not be construed as a warranty or guarantee of the current performance or any future performance of the building, building systems, or improvements.

4.5 Use and Reliance Restrictions

The observations, findings, and conclusions contained in this report are based on the professional judgment of a qualified professional experienced in this type of work using the degree of skill and care normally exercised by reputable consultants performing similar services under like assignments and circumstances.

This report has been prepared for the use and benefit of the Red Wing HRA, its consultants, agents, and affiliated personnel. Reliance has been placed on the accuracy and disclosure of the property conditions as reported by management personnel with regard to equipment operation, condition of spaces and concealed areas not observed or viewable, and for the disclosure of known problems, if any. Possession of this report does not imply the right to publication, nor may it be used for any purpose by anyone but the Red Wing HRA in any event, and only in its entirety.

4.6 Opinion of Cost

The Opinion of Costs presented are for the readily visible materials and building systems defects and wear items that affect the value and operation of the facilities over the next 20 years. These opinions do not constitute a warranty on items/systems longevity.

The opinions presented are based on published unit prices data primarily from RS Means 2021 edition pricing guidelines. Where a component may not be covered by RS Means cost indexes, alternate methods such as engaging engineers, manufacturers, contractors, previously completed projects with similar scopes, and/or internet-based information in conjunction with our best professional judgement was utilized to ascertain costs required by the PNA. All costs are stated in present value with inflation factors as listed on MHFA's 20 Year Capital Expenditure Template. Additional inflation should be considered given the current economic environment.

In evaluating the costs presented, it is important to understand that actual costs depend on various factors including but not limited to, existing conditions not readily apparent during the PNA inspection, contractor's expertise, previous contractor commitment, seasonal workload, local conditions, insurance, bonding, required labor rates, lender requirements, etc. These and other factors may cause wide variations in actual cost provided from bidder to bidder. In view of these limitations, the costs presented herein should be considered "order of magnitude" and used for budgeting purposes only and should not be interpreted as a bid or offer to perform the work. Detail design and contractor bidding is required to determine actual cost.

MHFA's 20 Year Capital Expenditure Template typically considers replacement of components without thorough consideration of their impact on surrounding materials and areas, and associated work that may be necessary to perform the actual replacement of the component. Therefore, replacement of complicated or concealed systems is likely to be more costly than the actual component replacement.

Report respectfully submitted by:



Rebecca L. Olson, NCARB, AIA
MN Registration number 49243
Finn Daniels, Inc.
December 2, 2022



2145 Ford Parkway, Suite 301
Saint Paul, Minnesota 55116
651.690.5525
www.finn-daniels.com

Red Wing Housing & Redevelopment Authority

**Jordan Tower I Apartments
433 West 4th Street
Red Wing, MN 55066**

**Physical Needs Assessment
Based on the MHFA 20 Year Capital Expenditure Template**

**Executive Summary
December 2, 2022**

**Prepared for
Red Wing Housing & Redevelopment Authority
428 West 5th Street
Red Wing, MN 55066**

**Prepared by
Finn Daniels, Inc.
2145 Ford Parkway Suite 301
Saint Paul, MN 55116**

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1.0 Executive Summary

1.1 SITE / FACILITY DATA SHEET

Owner Information:

Owner: Red Wing Housing & Redevelopment Authority
428 West 5th Street
Red Wing, MN 55066

Contacts: Kurt Keena, Executive Director
Phone: (651) 388-7574
Email: kurt.keena@ci.red-wing.mn.us

Jennifer Cook, Housing Director
Phone: (651) 301-7024
Email: jennifer.cook@ci.red-wing.mn.us

Erick Johnson, Head of Maintenance
Phone: (651) 388-7571
Email: erick.johnson@ci.red-wing.mn.us

Building Types:

High Rise (HR): Jordan Tower I Apartments
433 West 4th Street
Red Wing, MN 55066

Year Constructed

1974

Inspection Information:

Date Inspected: August 1, 2022 / August 3, 2022 / August 5, 2022
Plans Available: Yes
Total # of Units: 100
Required to be Inspected: 25 (100 x 25% = 25)
Inspected: 25
Units Inspected: 101, 102, 103, 104, 204, 208, 304, 307, 308, 406, 408, 411, 508, 509, 601, 603, 605, 608, 708, 712, 808, 810, 901, 902, 908

Unit Breakdown:

Classification	Unit Type	Quantity	# Bed/# Bath	Square Footages
1 Bedroom	1.1L	8	1 / 1	586 SF (Gross)
1 Bedroom	1.1R	8	1 / 1	561 SF (Gross)
1 Bedroom	1.2L	8	1 / 1	566 SF (Gross)
1 Bedroom	1.2R	8	1 / 1	566 SF (Gross)
1 Bedroom	1.3	8	1 / 1	571 SF (Gross)
1 Bedroom	1.4	8	1 / 1	566 SF (Gross)
1 Bedroom	1.5	8	1 / 1	571 SF (Gross)
1 Bedroom	1.6	8	1 / 1	566 SF (Gross)
1 Bedroom	1.7	16	1 / 1	584 SF (Gross)
1 Bedroom	1.8	8	1 / 1	566 SF (Gross)
1 Bedroom	1.9	1	1 / 1	562 SF (Gross)

Unit Breakdown (Continued):

Classification	Unit Type	Quantity	# Bed/# Bath	Square Footages
1 Bedroom	1.10	2	1 / 1	574 SF (Gross)
1 Bedroom	1.11	1	1 / 1	592 SF (Gross)
1 Bedroom	1.12	1	1 / 1	571 SF (Gross)
1 Bedroom - HDCP	1.13 HC	6	1 / 1	574SF (Gross)
2 Bedroom	2.1	1	2 / 1	800 SF (Gross)

Site Information:

Site Area: 34,016 SF = 0.78 Acres

Impervious Surfaces:

Buildings Coverage: 10,269 SF
Other Impervious Surfaces: 15,642 SF (Asphalt, Concrete, etc.)
Total: 25,911 SF
% of Site Covered by Impervious Surfaces: 76.2 %

Pervious Surfaces:

Pervious Surfaces: 8,105 SF (Grass, mulch, landscaping, etc.)
% of Site Covered by Pervious Surfaces: 23.8%

Buildings:

Number of Buildings: 1
Number of Stories: 9 (above grade + Roof Penthouses, no basement)

SF per Floor:

Level 1 =	2,525 SF	(Gross Living Units)
	6,627 SF	(Gross Common / Maint. / Office)
Level 2 =	6,881 SF	(Gross Living Units)
	2,095 SF	(Gross Common / Maint. / Office)
Level 3 =	6,881 SF	(Gross Living Units)
	2,095 SF	(Gross Common / Maint. / Office)
Level 4 =	6,881 SF	(Gross Living Units)
	2,095 SF	(Gross Common / Maint. / Office)
Level 5 =	6,881 SF	(Gross Living Units)
	2,095 SF	(Gross Common / Maint. / Office)
Level 6 =	6,881 SF	(Gross Living Units)
	2,095 SF	(Gross Common / Maint. / Office)
Level 7 =	6,881 SF	(Gross Living Units)
	2,095 SF	(Gross Common / Maint. / Office)
Level 8 =	6,881 SF	(Gross Living Units)
	2,095 SF	(Gross Common / Maint. / Office)
Level 9 =	6,881 SF	(Gross Living Units)
	2,095 SF	(Gross Common / Maint. / Office)
Roof Penthouses =	0 SF	(Gross Living Units)
	1,572 SF	(Gross Common / Maint. / Office)
Subtotal =	57,573 SF	(Gross Living Units)
	24,959 SF	(Gross Common / Maint. / Office)
Total =	82,532 SF	

Parking:

Off-Street Parking Spaces (# of Total Spaces incl. HC):	27
HC Parking Spaces Provided (# of HC Spaces):	2

1.2 General Information

The Red Wing HRA operates and maintains the Jordan Tower I Apartments building in Red Wing, MN.

- 9-story above grade high-rise.
- 100 Units
 - 99 units are one bedroom with one bathroom
 - 1 unit is two bedroom with one bathroom
 - See Site / Facility Data Sheet section above for additional breakdown information.
- Multiple common areas serving tenant units including Lobby, Community Room, Community Kitchen, Lounges at floors 2-9, Corridors, Laundry Room, Trash Rooms, Offices, Public Restrooms, Maintenance, Storage, Egress Stairwells, and Utility Rooms.
- See Physical Needs Assessment Plans dated 11/28/2022 under separate cover for existing site, building, unit, roof, and exterior elevation layouts.

1.3 General Conditions

The site is accessible to both vehicles and pedestrians with street parking on West 4th Street on the north west side of the building and an off-street "resident only" parking lot on the north east side of the building. Across West 4th Street there is a municipal parking ramp for additional parking. The building is a 9-story high-rise elevator building built primarily of concrete construction with brick masonry veneer. The building is "L" shaped and has a lobby and elevator area at the intersection of two corridors with apartments accessed off both sides of each corridor. All areas of the building are in use. The building is a "secured" building accessed by automatic entry doors. Access to levels 2-9 are via two elevators serving all floors, with stairwells at each end of the corridors acting as emergency egress from all floors to grade level.

The building and site have been well maintained with periodic maintenance and are in generally good operating condition but are in need of larger "systems" repairs which are quite typical of buildings of this age. See photo documentation under separate cover.

1.4 Property Estimated Useful Life

The improvements to the building and site have been performed adequately since the original construction. Provided that as components and systems age or fail, and repairs and replacements are made in an appropriate and timely manner it is our opinion that the properties Estimated Useful Life should be at least 50 years barring natural disasters or acts of terror.

2.0 Building Information

2.1 General Information

- Year Constructed - 1974
- The building is a 9-story high-rise elevator building assumed under the 2020 Minnesota Building Code based on the IBC code to be a type 1-A (Non-combustable) construction of R-2 (Multi-Residential), A-3 (Community Rooms), B (Offices) occupancies, and S-2 (Maintenance/Storage areas).
- The building is sprinklered and does have a fire alarm system throughout.
- The building is considered a public accommodation so it must be accessible to people with disabilities. The Americans with Disabilities Act along with the U.S. Department of Housing and Urban Development Section 504 requirements dictates handicap accessibility throughout the site and facility. The site and building are generally in compliance with these requirements with only minor components not in full compliance with the current requirements. See Specific Building Deficiencies section below for additional information.

2.2 Specific Building Deficiencies

- The current facility has 6 HDCP units, which complies with the 5% requirement for the buildings. However there is not the required 2% of units complying with the requirements for "audio assist rooms" (2 total required). Most Common areas are in reasonable compliance and the costs to address corrections are included in other scopes of work.
- The following major components are at the end of their expected useful life and are in need of replacement.
 - Backup Generator
 - Main Electrical Gear
 - Roofing Materials
 - Domestic Plumbing Piping and Fixtures
 - Exterior Entry Doors
 - Tenant Electrical Panels
 - Temperature Controls
 - Level 1 Common Area Ductwork
 - Light Fixtures
 - Levels 2-9 Common Area Finishes
 - Tenant Closet Doors
- The following major components are nearing the end of their expected useful life and will be in need of replacement soon.
 - Common Area Hydronic Heating
 - Tenant Unit Hydronic Heating

3.0 Anticipated Capital Expenses

3.1 Total Cumulative Anticipated Capital Expenses

The PNA calculates anticipated capital expenses over a 20-year period. 20 year projections estimate a total capital need of \$11,270,042 in (today's dollars) over that 20 year period. The MHFA Template also adjusts each year's capital expenditure with a prescribed rate of inflation to indicate what the cost of improvements may cost years from now. What is clear is that at the roughly 3% rate of inflation in the form, projects that are scheduled years from now will be more costly. While the MHFA form uses roughly 3% we are seeing much greater increases in Construction Costs due to the current bidding environment which is very unstable. Design Professional Service Fees are not included in the Construction Costs nor are Hazardous Materials Abatement Costs.

The following sub-totals are in "Today's Dollars"

- \$2,928,603 – Immediate need – Year 1
- \$4,531,097 Needed in years 2-5
- \$1,096,795 Needed in years 6-10
- \$1,512,307 Needed in years 11-15
- \$1,201,240 Needed in years 16-20

It is highly recommended that the Housing Authority review the costs included in the first 3 years and perhaps the first 5 years to determine what projects they wish to proceed with. Some items in years 2-5 will likely make sense to move up into a more immediate project, for economies of scale, and reducing "rework" associated with several smaller projects.

3.2 Anticipated Costs per Unit over the 20-Year Period

- The anticipated cost per unit is \$112,700 (in today's dollars)

3.3 Highlights - Large Scale Anticipated Capital Expenditures Years 1-3

Again the following costs are in today's dollars and do not include Design Professional Service Fees nor Hazardous Materials Abatement Costs.

- Backup Generator = \$312,983
 - Includes removal, relocation, and replacement of back up generator and all related components.
- Main Electrical Gear = \$299,518
 - Includes removal and replacement of all main electrical gear. Does not include removal and replacement of panels within tenant units.
- Roofing Materials = \$289,998
 - Includes complete removal and replacement of all roofing materials and replaced components.
- Domestic Plumbing Piping and Fixtures = \$2,975,572
 - Includes removal and replacement of all waste, vent, and supply piping, domestic hot water boilers as well as all toilets, showers, tubs, shower and tub controls, and tenant unit bathroom flooring. Does not include handicap unit plumbing fixtures, any other tenant unit lavatories, lavatory or kitchen faucets, or other floor, wall, ceiling finishes which may be necessary and/or prudent to include in such a large scale project.
- Exterior Entry Doors = \$25,072
 - Includes removal and replacement of existing main entry exterior door and window system as well as secondary entry exterior and interior door and window system.
- Tenant Electrical Panels = \$303,603
 - Includes removal and replacement of all tenant unit electrical panels.
- Temperature Controls = \$302,254
 - Includes removal and replacement of all common area thermostats not recently replaced as well as all tenant unit hydronic heating valves and thermostats.
- Level 1 Common Area Ductwork = \$64,544
 - Includes removal and replacement of all ductwork serving community room, community kitchen, and office areas.
- Light Fixtures = \$155,225
 - Includes removal and replacement of all interior light fixtures, including within tenant units.
- Levels 2-9 Common Area Finishes = \$399,853
 - Includes removal and replacement of all common areas, maintenance areas, and office areas floor, wall, and ceiling finishes, except for level 1 floor and wall finishes recently completed.
- Tenant Closet Doors = \$93,156
 - Includes removal and replacement of all tenant unit closet doors with new bi-fold wood doors.
- Common Area Hydronic Heating = \$43,927
 - Includes removal and replacement of all common area fin tube radiator piping and surrounding covers as well as all hydronic unit heaters.
- Tenant Unit Hydronic Heating = \$583,000
 - Includes removal and replacement of all tenant unit fin tube radiator piping and surrounding covers .

The sum of the Large Scale Anticipated Capital Expenditures in years 1-3 listed above equals \$5,848,705 out of the total of \$6,708,926 anticipated over the 3 year period.

3.4 Hazardous Materials Notes

- Asbestos:
 - A "Full Building" asbestos survey report was completed for the facility on December 28, 2018 by Barun Intertec Corporation which indicated some positive tests for asbestos.
- Lead:
 - A "Full Building" Lead-Based Paint Inspection was completed for the facility on December 28, 2018 which indicated some positive tests for lead based paints.
- Cost Implications:
 - Costs for hazardous abatement are not included in the above costs nor are they included in the 20 Year Capital Expenditures Template.
 - For budgeting purposes, an additional 10% - 15% on average should be considered on top of the costs listed.

3.5 Basis of Expenses

The Capital Expenditure projections listed above are based on:

- On-site observations conducted on August 12, 2022 and August 15, 2022 for:
 - Site
 - Building exterior
 - Building systems
 - 100% of Common Areas
 - 25% of all Tenant Units
- Expected Useful Life (EUL) Tables from sources such as Minnesota Housing Finance Agency (MHFA), Fannie Mae, U.S. Department of Housing and Urban Development (HUD) , and R.S Means.
- Cost indexes primarily from RS Means 2021 edition. Also see section 4.6 Opinion of Cost section below.
- An energy audit was not performed in conjunction with the building inspections.
- Section 504 Handicapped Accessibility to make building as compliant as possible to current code.
- Maintenance and marketability items the HRA believes are necessary for the properties.

4.0 Qualifications

4.1 Purpose

The purpose of the PNA is to observe and document the conditions and possible defects of readily visible, materials and building systems which might significantly affect the value of the property, and to evaluate if conditions exist, which may have a significant impact of the continued operation of the facility.

The observations, findings, and conclusions within this report are based on the professional judgment and information obtained during the course of this assessment.

The Red Wing HRA is expected to use the information provided in this PNA to assist in decisions regarding future maintenance and usability of the existing facility.

4.2 Scope

This report is based on observations made during an on-site review. The on-site review included several site visits by two staff members of Finn Daniels, Inc. along with interviews of the staff and review of construction drawings and other documents obtained from the Red Wing HRA.

4.3 Procedures

The on-site survey includes observations of visible and readily accessible areas, visual observations of site improvements, building exterior and enclosure systems, building structure, mechanical, electrical, plumbing, and life/safety fire protection systems, interior construction and finishes and general ADA and Section 504 Compliance.

The observations were performed without testing, sampling, operating equipment, disassembling or damaging the existing building systems (i.e.: no destructive testing was authorized or performed in the assessment). Assumptions regarding the overall condition of the property have been developed based on a review of "representative" units, consequently certain assumptions have been made regarding the conditions of all units. As such, the schematic methods and associated costs for the correction of identified deficiencies are based on observations, and are also limited with respect to completeness.

4.4 Limitations

The opinions and recommendations contained herein are based on the site reviewer's observation of construction, improvements, observable defects, deficiencies and wear, review of available documents, evaluations of the information provided, and interviews with personnel familiar with the property, and the condition and performance of systems and improvements.

No calculations have been performed to determine the adequacy of the facility's original design.

The recommendations and opinions of cost provided herein are for observed deficiencies and expected wear based on the Estimated Useful Life and the Remaining Useful Life of each component and under the understanding that the facility will continue operating in its present occupancy classification.

The opinions and recommendations contained in this PNA shall not be construed as a warranty or guarantee of the current performance or any future performance of the building, building systems, or improvements.

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The observations, findings, and conclusions contained in this report are based on the professional judgment of a qualified professional experienced in this type of work using the degree of skill and care normally exercised by reputable consultants performing similar services under like assignments and circumstances.

This report has been prepared for the use and benefit of the Red Wing HRA, its consultants, agents, and affiliated personnel. Reliance has been placed on the accuracy and disclosure of the property conditions as reported by management personnel with regard to equipment operation, condition of spaces and concealed areas not observed or viewable, and for the disclosure of known problems, if any. Possession of this report does not imply the right to publication, nor may it be used for any purpose by anyone but the Red Wing HRA in any event, and only in its entirety.

4.6 Opinion of Cost

The Opinion of Costs presented are for the readily visible materials and building systems defects and wear items that affect the value and operation of the facilities over the next 20 years. These opinions do not constitute a warranty on items/systems longevity.

The opinions presented are based on published unit prices data primarily from RS Means 2021 edition pricing guidelines. Where a component may not be covered by RS Means cost indexes, alternate methods such as engaging engineers, manufacturers, contractors, previously completed projects with similar scopes, and/or internet-based information in conjunction with our best professional judgement was utilized to ascertain costs required by the PNA. All costs are stated in present value with inflation factors as listed on MHFA's 20 Year Capital Expenditure Template. Additional inflation should be considered given the current economic environment.

In evaluating the costs presented, it is important to understand that actual costs depend on various factors including but not limited to, existing conditions not readily apparent during the PNA inspection, contractor's expertise, previous contractor commitment, seasonal workload, local conditions, insurance, bonding, required labor rates, lender requirements, etc. These and other factors may cause wide variations in actual cost provided from bidder to bidder. In view of these limitations, the costs presented herein should be considered "order of magnitude" and used for budgeting purposes only and should not be interpreted as a bid or offer to perform the work. Detail design and contractor bidding is required to determine actual cost.

MHFA's 20 Year Capital Expenditure Template typically considers replacement of components without thorough consideration of their impact on surrounding materials and areas, and associated work that may be necessary to perform the actual replacement of the component. Therefore, replacement of complicated or concealed systems is likely to be more costly than the actual component replacement.

*Report respectfully submitted by:



Rebecca L. Olson, NCARB, AIA
MN Registration number 49243
Finn Daniels, Inc.
December 2, 2022



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Red Wing Housing & Redevelopment Authority

**Pioneer Place Townhomes
341 Pioneer Road
Red Wing, MN 55066**

**Physical Needs Assessment
Based on the MHFA 20 Year Capital Expenditure Template**

**Executive Summary
December 2, 2022**

**Prepared for
Red Wing Housing & Redevelopment Authority
428 West 5th Street
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1.0 Executive Summary

1.1 SITE / FACILITY DATA SHEET

Owner Information:

Owner: Red Wing Housing & Redevelopment Authority
428 West 5th Street
Red Wing, MN 55066

Contacts: Kurt Keena, Executive Director
Phone: (651) 388-7574
Email: kurt.keena@ci.red-wing.mn.us

Jennifer Cook, Housing Director
Phone: (651) 301-7024
Email: jennifer.cook@ci.red-wing.mn.us

Erick Johnson, Head of Maintenance
Phone: (651) 388-7571
Email: erick.johnson@ci.red-wing.mn.us

Building Types:

Townhouse (T): Pioneer Place Townhomes
341 Pioneer Road
Red Wing, MN 55066

Year Constructed

1975

Inspection Information:

Date Inspected: August 8, 2022 / August 10, 2022
Plans Available: Yes
Total # of Units: 6
Required to be Inspected: 2 (6 x 25% = 1.5 = 2)
Inspected: 6
Units Inspected: All

Unit Breakdown:

<u>Classification</u>	<u>Unit Type</u>	<u>Quantity</u>	<u># Bed/# Bath</u>	<u>Square Footages</u>	
3 Bedroom	A	1	3 / 1.5	1,140 SF	(Gross Living)
				636 SF	(Gross Non-Living)
4 Bedroom	B	1	4 / 1.5	1,357 SF	(Gross Living)
				698 SF	(Gross Non-Living)
3 Bedroom	C	1	3 / 1	1,055 SF	(Gross Living)
				1,119 SF	(Gross Non-Living)
3 Bedroom	D	1	3 / 1	1,054 SF	(Gross Living)
				1,119 SF	(Gross Non-Living)
3 Bedroom	E	1	3 / 1.5	1,138 SF	(Gross Living)
				632 SF	(Gross Non-Living)
3 Bedroom	F	1	3 / 1.5	1,141 SF	(Gross Living)
				635 SF	(Gross Non-Living)

Site Information:

Site Area: 33,852 SF = 0.78 Acres

Impervious Surfaces:

Buildings Coverage: 5,005 SF
Other Impervious Surfaces: 12,163 SF (Asphalt, Concrete, etc.)
Total: 17,168 SF
% of Site Covered by Impervious Surfaces: 50.7 %

Pervious Surfaces:

Pervious Surfaces: 16,684 SF (Grass, mulch, landscaping, etc.)
% of Site Covered by Pervious Surfaces: 49.3%

Building:

Number of Buildings: 1
Number of Stories: 2 (+Basement)
SF per Floor:
Basement = 0 SF (Gross Living)
4,363 SF (Gross Non-Living)
Level 1 = 4,526 SF (Gross Living)
477 SF (Gross Non-Living)
Level 2 = 2,359 SF (Gross Living)
0 SF (Gross Non-Living)
Subtotal = 6,885 SF (Gross Living)
4,840 SF (Gross Non-Living)
Total = 11, 725 SF

Parking:

Off-Street Parking Spaces (# of Total Spaces incl. HC): 12
HC Parking Spaces Provided (# of HC Spaces): 0

1.2 General Information

The Red Wing HRA operates and maintains the Pioneer Place Townhomes building in Red Wing, MN.

- 1 Building with 6 attached units
- 1-story / 2-story above grade with basement below grade.
 - 4 units are 2-story
 - 3 units are 3 bedrooms with 1.5 bathrooms
 - 1 unit is 4 bedrooms with 1.5 bathrooms
 - Two units are 1-story
 - Both units are 3 bedroom with 1 bathroom
 - See Site / Facility Data Sheet section above for additional breakdown information.
- No interior common areas
- See Physical Needs Assessment Plans dated 11/28/2022 under separate cover for existing site, building, unit, roof, and exterior elevation layouts.

1.3 General Conditions

The site is accessible for both vehicles and pedestrians. There is street parking at the front of the building and resident parking in the parking lot at each end of the building. The building is 1 and 2-story units built primarily of wood stud and gypsum board construction with steel siding exteriors above grade and poured concrete basements that are furred and insulated with gypsum board overlay on the interior side.

The building and site have been well maintained with periodic maintenance and are in generally good operating condition but are in need of larger "systems" repairs which are quite typical of buildings of this age. See photo documentation under separate cover.

1.4 Property Estimated Useful Life

The improvements to the building and site have been performed adequately since the original construction. Provided that as components and systems age or fail, and repairs and replacements are made in an appropriate and timely manner it is our opinion that the properties Estimated Useful Life should be at least 40 years barring natural disasters or acts of terror.

2.0 Building Information

2.1 General Information

- Year Constructed – 1975
- 1 and 2-story townhouse building assumed under the 2020 Minnesota Building Code to be a type V-B (Unprotected Wood Frame) construction of R-2 (Multi-Residential). Alternatively, assumed under the 2020 Minnesota Residential Code to be classified as IRC-3 (Townhouse).
- This building is not considered to be accessible to people with disabilities. See Specific Building Deficiencies section below for additional information regarding accessibility.

2.2 Specific Building Deficiencies

- Handicap Accessibility
 - This building does not have any handicap accessible units therefore it does not comply with the minimum 5% required on its own. However, if this building (Pioneer Place Townhomes (PP)) along with Jordan Tower I Apartments (JI), Featherstone Townhomes (F), Deer Run Townhomes (DR), and Hallstrom Single Family home (H) are considered as a group, which would be subject to HUD and any other applicable governing authority's approval, the minimum required number of accessible units would be accounted for at Jordan Tower I Apartments which has 6 total handicap accessible units.
 - $6(PP) + 100(JI) + 6(F) + 6(DR) + 1(H) = 119$ Total Units
 - $119 \times 5\% = 5.95 = 6$ Accessible Units Required
- The following major components are at the end of their expected useful life and are in need of replacement:
 - Concrete Repair/Replacement
 - Windows and Storage Doors
 - Bathroom Fixtures
 - Interior Flooring
- The following components are nearing the end of their expected useful life and will be in need of replacement soon:
 - Foundation Waterproofing
 - Plumbing Piping
 - Electrical Panels
 - HVAC Maintenance

3.0 Anticipated Capital Expenses

3.1 Total Cumulative Anticipated Capital Expenses

The PNA calculates anticipated capital expenses over a 20-year period. 20 year projections estimate a total capital need of \$1,089,089 in (today's dollars) over that 20 year period. The MHFA Template also adjusts each year's capital expenditure with a prescribed rate of inflation to indicate what the cost of improvements may cost years from now. What is clear is that at the roughly 3% rate of inflation in the form, projects that are scheduled years from now will be more costly. While the MHFA

form uses roughly 3% we are seeing much greater increases in Construction Costs due to the current bidding environment which is very unstable. Professional Service Fees are not included in the Construction Costs nor are Abatement Costs.

The following sub-totals are in "Today's Dollars"

- \$292,067 – Immediate need – Year 1
- \$370,651 Needed in years 2-5
- \$235,807 Needed in years 6-10
- \$70,553 Needed in years 11-15
- \$120,011 Needed in years 16-20

It is highly recommended that the Housing Authority review the costs included in the first 3 years and perhaps the first 5 years to determine what projects they wish to proceed with. Some items in years 2-5 will likely make sense to move up into a more immediate project, for economies of scale, and reducing "rework" associated with several smaller projects.

3.2 Anticipated Costs per Unit over the 20-Year Period

- The anticipated cost per unit is \$181,515 (in today's dollars)

3.3 Highlights - Large Scale Anticipated Capital Expenditures Years 1-3

Again the following costs are in today's dollars and do not include Design Professional Service Fees nor Hazardous Materials Abatement Costs.

- Concrete Repair/Replacement = \$11,645
 - Includes removal and replacement of select concrete walkway and drive sections, repair of entry stoops, and replacement of entry stoop handrails.
- Windows and Storage Doors = \$87,483
 - Includes changing from vinyl windows to fiberglass windows for added durability. Also includes replacing basement windows and storage doors.
- Bathroom Fixtures = \$58,637
 - Includes replacement of all bathroom plumbing fixtures and related components as well as replacement of plumbing piping and sanitary sewer line.
- Interior Flooring = \$65,751
 - Includes replacement of all flooring throughout units including on stairways. Does not include any flooring on basement stairs, which are currently painted wood, or basement floors, which are currently exposed concrete slabs.
- Foundation Waterproofing = \$73,213
 - Includes excavating around exterior perimeter of the building to replace existing daintile, if existing, or add if not existing, and application of new waterproofing on foundation wall surfaces. Also includes backfill and new landscaping once work is complete
- Electrical Panels = \$18,216
 - Includes replacement of each tenant electrical panel.
- HVAC Maintenance = \$21,519
 - Includes replacement of kitchen and bathroom exhaust fans, range hoods, water heaters, and dryer vent ductwork. Also includes cleaning of all ductwork.

The sum of the Large Scale Anticipated Capital Expenditures in years 1-3 listed above equals \$336,464 out of the total of \$415,690 anticipated over the 3 year period.

3.4 Hazardous Materials Notes

- Asbestos:
 - Currently there is no "Full Building" Asbestos Survey Report for the facility. A "Limited" asbestos survey report was completed for the facility on April, 27 2012 by Barun Intertec Corporation which indicated some positive tests asbestos.

- It would be wise for the HRA to invest in a "Whole Building" Asbestos Survey and Inspection Report. This will save money in the long term and provide a tool for better planning and pricing of potential projects.
- Lead:
 - A "Full Building" Lead-Based Paint Inspection was completed for the facility on December 8, 1994 by Professional Services, Inc. which indicated no positive tests.
- Cost Implications:
 - Costs for hazardous abatement are not included in the above costs nor are they included in the 20 Year Capital Expenditures Template.
 - For budgeting purposes, an additional 10% - 15% on average should be considered on top of the costs listed.

3.5 Basis of Expenses

The Capital Expenditure projections listed above are based on:

- On-site observations conducted on August 8, 2022, and August 10, 2022 for:
 - Site
 - Building exterior
 - Building systems
 - All tenant units
- Expected Useful Life (EUL) Tables from sources such as Minnesota Housing Finance Agency (MHFA), Fannie Mae, U.S. Department of Housing and Urban Development (HUD), and R.S Means.
- Cost indexes primarily from RS Means 2021 edition. Also see section 4.6 Opinion of Cost section below.
- An energy audit was not performed in conjunction with the building inspections.
- Section 504 Handicapped Accessibility to make building as compliant as possible to current code.
- Maintenance and marketability items the HRA believes are necessary for the properties.

4.0 Qualifications

4.1 Purpose

The purpose of the PNA is to observe and document the conditions and possible defects of readily visible, materials and building systems which might significantly affect the value of the property, and to evaluate if conditions exist, which may have a significant impact of the continued operation of the facility.

The observations, findings, and conclusions within this report are based on the professional judgment and information obtained during the course of this assessment.

The Red Wing HRA is expected to use the information provided in this PNA to assist in decisions regarding future maintenance and usability of the existing facility.

4.2 Scope

This report is based on observations made during an on-site review. The on-site review included several site visits by two staff members of Finn Daniels, Inc. along with interviews of the staff and review of construction drawings and other documents obtained from the Red Wing HRA.

4.3 Procedures

The on-site survey includes observations of visible and readily accessible areas, visual observations of site improvements, building exterior and enclosure systems, building structure, mechanical, electrical, plumbing, and life/safety fire protection systems, interior construction and finishes and general ADA and Section 504 Compliance.

The observations were performed without testing, sampling, operating equipment, disassembling or damaging the existing building systems (i.e.: no destructive testing was authorized or performed in the assessment). Assumptions regarding the overall condition of the property have been developed based on a

review of "representative" units, consequently certain assumptions have been made regarding the conditions of all units. As such, the schematic methods and associated costs for the correction of identified deficiencies are based on observations, and are also limited with respect to completeness.

4.4 Limitations

The opinions and recommendations contained herein are based on the site reviewer's observation of construction, improvements, observable defects, deficiencies and wear, review of available documents, evaluations of the information provided, and interviews with personnel familiar with the property, and the condition and performance of systems and improvements.

No calculations have been performed to determine the adequacy of the facility's original design.

The recommendations and opinions of cost provided herein are for observed deficiencies and expected wear based on the Estimated Useful Life and the Remaining Useful Life of each component and under the understanding that the facility will continue operating in its present occupancy classification.

The opinions and recommendations contained in this PNA shall not be construed as a warranty or guarantee of the current performance or any future performance of the building, building systems, or improvements.

4.5 Use and Reliance Restrictions

The observations, findings, and conclusions contained in this report are based on the professional judgment of a qualified professional experienced in this type of work using the degree of skill and care normally exercised by reputable consultants performing similar services under like assignments and circumstances.

This report has been prepared for the use and benefit of the Red Wing HRA, its consultants, agents, and affiliated personnel. Reliance has been placed on the accuracy and disclosure of the property conditions as reported by management personnel with regard to equipment operation, condition of spaces and concealed areas not observed or viewable, and for the disclosure of known problems, if any. Possession of this report does not imply the right to publication, nor may it be used for any purpose by anyone but the Red Wing HRA in any event, and only in its entirety.

4.6 Opinion of Cost

The Opinion of Costs presented are for the readily visible materials and building systems defects and wear items that affect the value and operation of the facilities over the next 20 years. These opinions do not constitute a warranty on items/systems longevity.

The opinions presented are based on published unit prices data primarily from RS Means 2021 edition pricing guidelines. Where a component may not be covered by RS Means cost indexes, alternate methods such as engaging engineers, manufacturers, contractors, previously completed projects with similar scopes, and/or internet-based information in conjunction with our best professional judgement was utilized to ascertain costs required by the PNA. All costs are stated in present value with inflation factors as listed on MHFA's 20 Year Capital Expenditure Template. Additional inflation should be considered given the current economic environment.

In evaluating the costs presented, it is important to understand that actual costs depend on various factors including but not limited to, existing conditions not readily apparent during the PNA inspection, contractor's expertise, previous contractor commitment, seasonal workload, local conditions, insurance, bonding, required labor rates, lender requirements, etc. These and other factors may cause wide variations in actual cost provided from bidder to bidder. In view of these limitations, the costs presented herein should be considered "order of magnitude" and used for budgeting purposes only and should not be interpreted as a bid or offer to perform the work. Detail design and contractor bidding is required to determine actual cost.

MHFA's 20 Year Capital Expenditure Template typically considers replacement of components without thorough consideration of their impact on surrounding materials and areas, and associated work that may be necessary to perform the actual replacement of the component. Therefore, replacement of complicated or concealed systems is likely to be more costly than the actual component replacement.

Report respectfully submitted by:



Rebecca L. Olson, NCARB, AIA
MN Registration number 49243
Finn Daniels, Inc.
December 2, 2022



Minnesota NAHRO 2023 State Legislative Session Recap

Minnesota NAHRO adopted a legislative agenda based on three priorities: People, Production, and Preservation. Our advocacy efforts shared stories of how important empowering Minnesotans to thrive through increased access to safe and stable homes, increasing the supply of affordable housing for all low-income Minnesotans, and keeping communities strong by preserving public and naturally occurring affordable housing is to the well-being of our state.

The overall investment in affordable housing listed below are for the FY24-25 biennium which includes \$1 Billion in one time money, \$50 million in on-going funds plus an additional \$200 million annually in the 7 metro counties. Moreover, the bonding bill includes \$79 million for housing and \$21 million for shelter capital projects.

Minnesota NAHRO will continue to provide updates and training to help our members better understand these resources and provide training on how to leverage these investments to impact their community.

Omnibus Housing Finance Bill Invests in Affordable Housing

The \$1 billion housing bill includes significant increases to existing programs and creation of new programs covering the spectrum of housing needs. This is the largest single investment in housing in Minnesota history with most of the funding being on-time appropriations from the state budget surplus. A quarter-cent metro area sales tax provides on-going funds directly to counties and cities and rent assistance in the metro area.

Public Housing Rehabilitation Cash – \$87 million

- Minnesota NAHRO led efforts to secure funding for public housing rehabilitation. The Housing bill includes \$15 million in cash, \$5 million is allocated to Minneapolis PHA and \$10 million will be available through Publicly Owned Housing Program (POHP).
- The bonding bills include \$42 million of general obligation bonds and \$30 million in cash for POHP. Combined, this will be the highest amount of state funds allocated at any time. \$61.5 million has been allocated in bonds since 2005.
- Minnesota NAHRO further led efforts to clarify that ownership by a limited liability company (LLC) where the housing authority is the sole member is considered publicly owned, to continue qualifying for general obligation bonds. LLCs are a typical ownership entity during repositioning. This language is included for the cash portions but Minnesota Management and Budget (MMB) has not wavered in its position for GO bonds.

State Rent Assistance Program – \$134.3 million (NEW)

- Minnesota NAHRO joined the Bring It Home, Minnesota campaign to create a state tenant-based rent assistance program. This multi-session effort got traction this session and is expected to assist over 5,000 very low-income households.
- The program is funded in two parts: \$23 million of cash for Greater Minnesota and \$41.5 million from a metro-wide sales tax for the metro area, in the first year. The bill includes \$23 million in the base budget for FY26 and beyond. The sales tax provides on-going, dedicated funding for metro housing authorities.
- Our HCV administering members will have a choice of administering the program in their jurisdiction. If a housing authority declines, Minnesota Housing will work with non-profit organizations in the area.



Local Housing Trust Fund Matching Grants – \$4.8 million

- Minnesota NAHRO advocated for grants to match local housing trust funds to incentivize cities and counties to dedicate local funds to affordable housing efforts.

Emergency Rental Assistance – \$115.5 million

- Minnesota NAHRO advocated for the state to allocate its federal recovery funds to provide emergency rental assistance to help stabilize housing for the most vulnerable renters. The Family Homeless Prevention and Assistance Program will receive \$65,538,000 for the biennium (2024-25), in addition to the \$50 million already awarded, for a total of \$115.5 million for this biennium.

Local Affordable Housing Aid – \$294 million (NEW)

- Included in the Metro Sales Tax and the Tax Bill, direct funds to counties and cities for local affordable housing needs. Eligible uses are pretty broad and can be tailored to the individual community's needs.

Housing Infrastructure Cash – \$200 million

- This appropriation is in place of Housing Infrastructure Bonds. This investment will finance thousands of new units of permanently affordable housing.
- The bill expands the eligible uses of HIBs to include the development and preservation of housing at 50% AMI and under, without supportive services. This change will ensure that renters between 30% and 50% AMI who do not need supportive services will also have access.

Challenge Fund - \$120.85 million

- This is \$95 million in additional spending for the Economic Development Housing Challenge Program. The bill also includes \$12.925 million in the base for FY26.

Greater Minnesota Workforce Housing Development – \$39 million (NEW)

- This appropriation provides a \$35 million increase for the development of new affordable housing in Greater Minnesota to support local businesses and workforces. The bill also includes \$2 million in FY26 base.

Greater Minnesota Housing Infrastructure Program – \$5 million (NEW)

- This is a new program with a one-time appropriation. The program will provide funds to communities in Greater Minnesota to expand the infrastructure needed to support residential development in the community.

Community Stabilization (NOAH) – \$90 million (NEW)

- This is a one-time investment to acquire and renovate naturally occurring affordable housing for the purpose of preserving the affordability of the rents.

High-Rise Sprinkler System Grants – \$10 million (NEW)

- \$10 million for grants to high-rise apartment buildings which need to be retrofitted with fire suppression sprinkler systems.
- The bill further includes a requirement that first- and second-class cities across the state must report to the state fire marshal by June 20, 2024, a list of each residential building that has at least one story used for human occupancy that is 75 feet or more above fire access that does not have a sprinkler fire suppression system.



Bridges and Homework Starts With Home – \$16.2 million

- Bridges has an appropriation of \$10.7 million for the biennium, with a continuation of \$5.3 million per year in the base for FY26. \$5.5 million for Homework Starts with Home.

Workforce Homeownership Program – \$620.5 million (NEW)

- With \$20.5 million authorized in the Housing bill with \$250,000 in base. An additional \$40 million was included in the tax bill. If passed, the Workforce and Affordable Homeownership Program will receive a total of \$75.5 million over the next biennium.

Homeownership Education, Counseling, and Training – \$3.7 million

- These resources will help get potential homeowners ready to access the new down payment assistance funding, along with increased affordable homeownership supply. \$857,000 included in base.

Down Payment Assistance – \$150 million (NEW)

- \$50 million for first generation down payment assistance with the premise of reducing the homeownership disparity gap.
- \$100 million of the available down payment assistance dollars will be available through Midwest Minnesota Community Development Corporation as the administrator for the community-based first-generation homebuyers down payment assistance program.

Expansion of HRA Powers

- The bill includes policy language to allow HRAs and EDAs to construct new market-rate workforce housing.

Other Housing Investments of Note

- \$4 million for lead safe homes.
- \$10 million each for the manufactured home cooperative purchase and lending grants.
- \$17 million for manufactured home park infrastructure grants, with \$1 million in base.
- \$25 million for supportive housing.
- Additional funding for capacity-building grants of \$6.3 million and \$645,000 in base.
- \$23.3 million for Housing Trust Fund.
- \$8.4 million for Affordable Rental Investment Fund program (ARIF).
- \$5.5 million for homeowner rehabilitation loans.
- \$7.5 million for rental rehabilitation loans.
- \$3 million to Community Mediation Minnesota to administer a statewide housing tenant/landlord mediation program.
- \$50 million for the Home Ownership Assistance Fund.

We're Still Tracking and Working on...

- The "source of income protection", specification of rent assistance as a source of public assistance for the purposes of a protected class, was not included in the housing or judiciary bills. Advocates plan to renew efforts in the 2024 session.
- Minnesota NAHRO and the League of Minnesota Cities advocated for an increase to the cap of HRA levies from the existing 0.0185% to 0.037%. The increase was considered in both the housing and taxes bill but ultimately not included.
- Minnesota NAHRO will continue to provide updates and training to help our members better understand how to use these tools and resources to impact their community.



Tenant/Landlord Provisions of the Judiciary Omnibus Bill

This is the most substantial change in Minnesota tenant/landlord law in a single session of the Legislature in the 165-year history of the state. Unless otherwise noted, these laws will become effective 1/1/24. Bill summary is courtesy of HomeLine.

- **Pre-Eviction Protections:** Landlords must give their tenants 14 days' written notice before filing an eviction action for nonpayment against them in court. Cities are allowed to enact and enforce their own stronger pre-filing notice requirements.
- **Expungement Reform:** Eviction expungements become much more accessible in several situations, when: 1) the tenant prevails; 2) the case is dismissed; 3) the parties agree to expungement or upon request of the tenant if the case is settled and the tenant fulfills the terms; 4) the eviction was ordered three or more years ago. Further, evictions are prohibited from being reported in public court records until a court judgment is made for the landlord.
- **Transparency in the cost of housing:** Requires landlords to disclose non-optional fees (along with the rent) on the first page of the lease as well as in any advertisement or posting of a unit for a residential tenancy.
- **Stronger Privacy Rules:** Requires 24-hour notice from landlords before entering a tenant's apartment unless the tenant and landlord agree otherwise. The landlord must specify a time or anticipated window of time of entry and may only enter between 8 AM and 8 PM unless the landlord and the tenant agree to an earlier or later time.
- **End a lease when medically necessary:** Allows tenants to break their lease with a 2-month notice if certain medical conditions—determined by a medical professional—require them to move.
- **Statewide Heat Code Minimum:** Sets a standard statewide 68 degrees Fahrenheit heat minimum in apartments from October 1 to April 30 if the tenant does not control the heat.
- **Emergency Repairs:** Expands the category of emergency repairs (for which court proceedings are expedited) to include, but not be limited to:
 - no working refrigerator;
 - no working air conditioning (if the rental was advertised as having air conditioning and included it in the lease);
 - serious infestations;
 - non-working elevators (if included in the lease);
 - Notice of Intent to Condemn; or,
 - loss of any conditions, services, or facilities that pose a serious and negative impact on health or safety.
- **Reduced Court Fees:** Emergency Tenant Remedies Action / Lockout petition filing fees will be the same as the lower small claims court filing fee, making it more accessible for tenants facing serious and immediate housing repairs.

Additionally, several more tenant/landlord policy changes are included in the bill:

- Multiple detailed changes to formal court eviction procedures.
- Regulation of pet declawing/devocalization in rental housing.
- Required move-in/out inspections concerning security deposits.
- Provision of the right to counsel in public housing breach of lease eviction cases (effective 8/1/23)
- Guidelines for landlords who require certain types of early lease renewals.
- Limitations on harmful crime-free lease provisions and penalties (effective 6/1/24).

Local Affordable Housing Aid Hypothetical City Distributions
under CCRHF1938

City	Population	Cost Burdened Units	Distribution Factor	Aid Amount
ALBERT LEA	18,301	1,931	0.0199	89,520
ALEXANDRIA	14,690	2,186	0.0225	101,341
AUSTIN	26,492	2,590	0.0267	120,070
BEMIDJI	15,147	2,451	0.0253	113,627
BIG LAKE	12,165	735	0.0076	34,074
BRAINERD	14,679	2,076	0.0214	96,242
BUFFALO	16,378	1,831	0.0189	84,884
CLOQUET	12,715	1,398	0.0144	64,810
DULUTH	85,667	11,209	0.1155	519,641
ELK RIVER	26,179	2,029	0.0209	94,063
FAIRMONT	10,417	1,182	0.0122	54,797
FARIBAULT	24,298	2,239	0.0231	103,798
FERGUS FALLS	14,042	2,163	0.0223	100,275
GRAND RAPIDS	11,283	1,558	0.0161	72,228
HERMANTOWN	10,030	1,195	0.0123	55,399
HIBBING	16,064	1,443	0.0149	66,896
HUTCHINSON	14,703	1,481	0.0153	68,658
MANKATO	44,688	6,233	0.0642	288,957
MARSHALL	13,618	1,564	0.0161	72,506
MONTICELLO	14,619	1,313	0.0135	60,870
MOORHEAD	44,583	5,626	0.0580	260,817
NEW ULM	14,070	1,158	0.0119	53,684
NORTH BRANCH	11,115	1,077	0.0111	49,929
NORTH MANKATO	14,461	1,424	0.0147	66,016
NORTHFIELD	20,547	1,619	0.0167	75,056
OTSEGO	21,289	1,138	0.0117	52,757
OWATONNA	26,647	2,870	0.0296	133,051
RED WING	16,588	2,060	0.0212	95,500
ROCHESTER	122,065	11,776	0.1213	545,927
SARTELL	19,522	1,825	0.0188	84,606
SAUK RAPIDS	13,730	1,209	0.0125	56,048
ST CLOUD	68,746	8,110	0.0835	375,974
ST MICHAEL	19,029	942	0.0097	43,670
ST PETER	12,066	958	0.0099	44,412
WILLMAR	21,076	2,179	0.0224	101,017
WINONA	25,405	3,111	0.0320	144,224
WORTHINGTON	13,861	1,179	0.0121	54,658
TOTAL				4,500,000



only, an additional \$1,500,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to eligible Tribal Nations as required under this section. In fiscal years 2024 and 2025 only, the commissioner shall transfer from the funds available to counties to the Minnesota Housing Finance Agency a sum sufficient to increase the amount in the account or accounts established under subdivision 3, paragraph (e), to \$2,250,000. For aids payable in 2023 only, the commissioner may compute the amount of aid to be paid to aid recipients as late as August 1, 2023, and may make payments of aid under this section in one installment on December 26.

EFFECTIVE DATE.

This section is effective beginning with aids payable in calendar year 2023.



(d) The commissioner of revenue must stop distributing funds to an aid recipient that the Minnesota Housing Finance Agency reports to have, in three consecutive years, failed to use funds, misused funds, or failed to report on its use of funds.

(e) The commissioner may resume distributing funds to an aid recipient to which the commissioner has stopped payments in the year following the August 1 after the Minnesota Housing Finance Agency certifies that the city or county has submitted documentation of plans for a qualifying project.

(f) By June 1, any funds paid to the Minnesota Housing Finance Agency under paragraph (c) must be deposited in the housing development fund. Funds deposited under this paragraph are appropriated to the commissioner of the Minnesota Housing Finance Agency for use on the family homeless prevention and assistance program under section 462A.204, the economic development and housing challenge program under section 462A.33, and the workforce and affordable homeownership development program under section 462A.38.

(g) An eligible Tribal Nation may choose to receive an aid distribution under this section by submitting an application under this subdivision. An eligible Tribal Nation which has not received a distribution in a prior aids payable year may elect to begin participation in the program by submitting an application in the manner and form prescribed by the commissioner of revenue by January 15 of the aids payable year. In order to receive a distribution, an eligible Tribal Nation must certify to the commissioner of revenue the most recent estimate of the total number of enrolled members of the eligible Tribal Nation. The information must be annually certified by March 1 in the form prescribed by the commissioner of revenue. The commissioner of revenue must annually calculate and certify the amount of aid payable to each eligible Tribal Nation on or before August 1.
Subd. 7.

County consultation with cities.

A county that receives funding under this section shall regularly consult with the cities in the jurisdictions of which its qualifying projects are planned or located.
Subd. 8.

Appropriations.

(a) \$6,800,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to counties as required under this section.

(b) \$2,000,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to tier I cities as required under this section.

(c) \$1,200,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to eligible Tribal Nations as required under this section.

(d) In fiscal years 2024 and 2025 only, an additional \$8,500,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to counties as required under this section. In fiscal years 2024 and 2025 only, an additional \$2,500,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to tier I cities as required under this section. In fiscal years 2024 and 2025



(a) Any funds distributed under this section must be spent on a qualifying project. If a tier I city or county demonstrates to the Minnesota Housing Finance Agency that the tier I city or county cannot expend funds on a qualifying project by the deadline imposed by paragraph (b) due to factors outside the control of the tier I city or county, funds shall be considered spent on a qualifying project if the funds are transferred to a local housing trust fund. Funds transferred to a local housing trust fund must be spent on a project or household that meets the affordability requirements of subdivision 4, paragraph (a).

(b) Any funds must be returned to the commissioner of revenue if the funds are not spent by December 31 in the third year following the year after the aid was received.
Subd. 6.

Administration.

(a) The commissioner of revenue must compute the amount of aid payable to each aid recipient under this section. Beginning with aids payable in calendar year 2024, before computing the amount of aid for counties and after receiving the report required by subdivision 3, paragraph (e), the commissioner shall compute the amount necessary to increase the amount in the account or accounts established under that paragraph to \$1,250,000. The amount calculated under the preceding sentence shall be deducted from the amount available to counties for the purposes of certifying the amount of aid to be paid to counties in the following year. By August 1 of each year, the commissioner must certify the amount to be paid to each aid recipient in the following year. The commissioner must pay statewide local housing aid annually at the times provided in section 477A.015. Before paying the first installment of aid annually, the commissioner of revenue shall transfer to the Minnesota Housing Finance Agency from the funds available for counties, for deposit in the account or accounts established under subdivision 3, paragraph (e), the amount computed in the prior year to be necessary to increase the amount in the account or accounts established under that paragraph to \$1,250,000.

(b) Beginning in 2025, aid recipients shall submit a report annually, no later than December 1 of each year, to the Minnesota Housing Finance Agency. The report shall include documentation of the location of any unspent funds distributed under this section and of qualifying projects completed or planned with funds under this section. If an aid recipient fails to submit a report, fails to spend funds within the timeline imposed under subdivision 5, paragraph (b), or uses funds for a project that does not qualify under this section, the Minnesota Housing Finance Agency shall notify the Department of Revenue and the aid recipient must repay funds under paragraph (c) by February 15 of the following year.

(c) By May 15, after receiving notice from the Minnesota Housing Finance Agency, an aid recipient must pay to the Minnesota Housing Finance Agency funds the aid recipient received under this section if the aid recipient:

- (b):
- (1) fails to spend the funds within the time allowed under subdivision 5, paragraph
 - (2) spends the funds on anything other than a qualifying project; or
 - (3) fails to submit a report documenting use of the funds.



of the greater of state or area median income as determined by the United States Department of Housing and Urban Development and, for rental housing projects, 80 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development, except that the housing developed or rehabilitated with funds under this section must be affordable to the local work force.

Projects shall be prioritized that provide affordable housing to households that have incomes that do not exceed, for homeownership projects, 80 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development, and for rental housing projects, 50 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development. Priority may be given to projects that: reduce disparities in home ownership; reduce housing cost burden, housing instability, or homelessness; improve the habitability of homes; create accessible housing; or create more energy- or water-efficient homes.

(b) Gap financing is either:

(1) the difference between the costs of the property, including acquisition, demolition, rehabilitation, and construction, and the market value of the property upon sale; or

(2) the difference between the cost of the property and the amount the targeted household can afford for housing, based on industry standards and practices.

(c) If aid under this section is used for demolition or removal of existing structures, the cleared land must be used for the construction of housing to be owned or rented by persons who meet the income limits of paragraph (a).

(d) If an aid recipient uses the aid on new construction or substantial rehabilitation of a building containing more than four units, the loan recipient must construct, convert, or otherwise adapt the building to include:

(1) the greater of: (i) at least one unit; or (ii) at least five percent of units that are accessible units, as defined by section 1002 of the current State Building Code Accessibility Provisions for Dwelling Units in Minnesota, and include at least one roll-in shower; and

(2) the greater of: (i) at least one unit; or (ii) at least five percent of units that are sensory-accessible units that include:

(A) soundproofing between shared walls for first and second floor units;

(B) no florescent lighting in units and common areas;

(C) low-fume paint;

(D) low-chemical carpet; and

(E) low-chemical carpet glue in units and common areas.

Nothing in this paragraph relieves a project funded by this section from meeting other applicable accessibility requirements.

Subd. 5.

Use of proceeds.



(b) The commissioner of revenue shall determine the amount of funding available to a tier I city under this section by multiplying the city's city distribution factor and the amount of funding available to tier I cities under this section.

(c) The commissioner of revenue shall determine the amount of funding available to an eligible Tribal Nation by dividing the amount of money available for aid to Tribal Nations under this section by the number of eligible Tribal Nations that have applied to receive an aid distribution under this section.

Subd. 3.

Grants to tier II cities.

(a) The commissioner of the Minnesota Housing Finance Agency shall establish a program to award grants of at least \$25,000 to tier II cities. The agency shall develop program guidelines and criteria in consultation with the League of Minnesota Cities. Notwithstanding section 16C.06, the commissioner may use a formula to determine the amounts of awards to tier II cities applying for funding under this section. Awards may be made in conjunction with funding awards under other agency programs that serve tier II cities.

(b) Among comparable proposals, the agency shall prioritize grants to tier II cities that have a higher proportion of cost-burdened households.

(c) A grantee must use its grant on a qualifying project.

(d) In making grants, the agency shall determine the circumstances, terms, and conditions under which all or any portion thereof will be repaid and shall determine the appropriate security should repayment be required. Any repaid funds shall be returned to the account or accounts established pursuant to paragraph (e).

(e) The agency shall establish a bookkeeping account or accounts in the housing development fund for money distributed to the agency for grants under this subdivision. By May 1 of each year, the Minnesota Housing Finance Agency shall report to the Department of Revenue on the amount in the account or accounts.

Subd. 4.

Qualifying projects.

(a) Qualifying projects shall include: (1) emergency rental assistance for households earning less than 80 percent of area median income as determined by the United States Department of Housing and Urban Development; (2) financial support to nonprofit affordable housing providers in their mission to provide safe, dignified, affordable and supportive housing; (3) outside the metropolitan counties as defined in section 473.121, subdivision 4, development of market rate residential rental properties, as defined in section 462A.39, subdivision 2, paragraph (d), if the relevant unit of government submits with the report required under subdivision 6 a resolution and supporting documentation showing that the area meets the requirements of section 462A.39, subdivision 4, paragraph (a); and (4) projects designed for the purpose of construction, acquisition, rehabilitation, demolition or removal of existing structures, construction financing, permanent financing, interest rate reduction, refinancing, and gap financing of housing to provide affordable housing to households that have incomes which do not exceed, for homeownership projects, 115 percent



Local Housing Aid statutory language from the Omnibus Tax Bill

Sec. 24.

[477A.36] STATEWIDE LOCAL HOUSING AID.

Subdivision 1.

Definitions.

For the purposes of this section, the following terms have the meanings given:

(1) "city distribution factor" means the number of households in a tier I city that are cost-burdened divided by the total number of households that are cost-burdened in Minnesota tier I cities. The number of cost-burdened households shall be determined using the most recent estimates or experimental estimates provided by the American Community Survey of the United States Census Bureau as of May 1 of the aid calculation year:

(2) "cost-burdened household" means a household in which gross rent is 30 percent or more of household income or in which homeownership costs are 30 percent or more of household income:

(3) "county distribution factor" means the number of households in a county that are cost-burdened divided by the total number of households in Minnesota that are cost-burdened. The number of cost-burdened households shall be determined using the most recent estimates or experimental estimates provided by the American Community Survey of the United States Census Bureau as of May 1 of the aid calculation year:

(4) "eligible Tribal Nation" means the following federally recognized Indian Tribes located in Minnesota: Bois Forte Band; Fond du Lac Band; Grand Portage Band; Leech Lake Band; Mille Lacs Band; White Earth Band; and Red Lake Nation:

(5) "population" has the meaning given in section 477A.011, subdivision 3:

(6) "tier I city" means a statutory or home rule charter city that is a city of the first, second, or third class and is not located in a metropolitan county, as defined by section 473.121, subdivision 4; and

(7) "tier II city" means a statutory or home rule charter city that is a city of the fourth class and is not located in a metropolitan county, as defined by section 473.121, subdivision 4.

Subd. 2.

Distribution.

(a) Each county shall receive the sum of:

(1) 0.6 percent of the total amount available to counties under this section; plus

(2) the product of:

(i) the county distribution factor; multiplied by

(ii) the total amount available to counties under this section minus the product of clause (1) multiplied by the number of Minnesota counties.



RED WING HOUSING & REDEVELOPMENT AUTHORITY

428 WEST FIFTH STREET, RED WING, MN 55066

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WWW.REDWINGHRA.ORG

June 13, 2023

To: Red Wing HRA Board of Commissioners

From: Corrine Stockwell, Finance Director

Re: Finance Report

Reserves Adjusted

Program	March 2023	April 2023
Public Housing	\$230,975	\$
Housing Choice Vouchers (FSS and restricted included)	\$33,499	\$
Redevelopment	\$581,832	\$
AHTF	\$334,293	\$
Bridges	\$0	\$
Small Cities Program	\$341,374	\$
Jordan Tower II	\$1,280,748	\$
Total	\$2,802,721	\$

Operating Budget Update

Category	YTD (April)	Budgeted	Variance
Revenues	\$985,241	\$1,157,129	-15%
Expenses	\$827,817	\$1,075,147	-23%
Net Income	\$157,424		

Notes to Financial Statements

At the time of submitting reports, we have not received April financials.

Other Business

- Will be presenting an RFP for Commercial and Property Insurance for July
- Open enrollment completed for all staff with June 1 effective date of new benefits.
- Attended MN NAHRO Spring Symposium in Grand Rapids, MN. Preparing for Fall Conference in Duluth. Going to be a packed agenda with all the changes coming forward.
- Passed the HCV Financial Accounting & Reporting exam.
- Completed a mini office remodel. New front desk and some fresh paint.

Committee Reports

A summary of the Finance Committee meeting is attached to my report.



Red Wing Housing & Redevelopment Authority

428 West Fifth Street
Red Wing, MN 55066

Telephone & TDD (651) 388-7571
FAX (651) 385-0551

Website: www.redwinghra.org

SUMMARY

Finance Committee Meeting
HRA Office Conference Room
Tuesday, June 6, 2023 at 3:30pm
Agenda

In attendance: Glen Witham, Jackie Luikart, Sara Hoffman, Kurt Keena, Corrine Stockwell, and Steve Salveson.

3:30 pm	Approval of Agenda	3:32 pm
	2022 Annual Audit	Corrine/Steve Salveson
	Recommend to Board of Commissioners for acceptance	
	Other Business	
4:30 pm	Adjourn	4:21 pm

Next Finance Committee Meeting; **Tuesday, August 1, 2023**, at 3:30 p.m.

**unless a meeting is needed for July – meeting will not be on the first Tuesday due to the holiday*

Housing Board Report

Month Ending May 2023

Waiting List Numbers

	Jordan Tower I	Jordan Tower II	Family Public Housing	Housing Choice Voucher
April 2023	77	35	31	135
May 2023	88	34	22	131

HRA Owned Properties

	Jordan Tower I	Jordan Tower II	Family Public Housing Units	Market Rate Rentals
Move-outs	0	1	0	0
Move-ins	0	1	0	0
Lease Terminations or Evictions this month	0	1	0	0
Occupancy Rate	98%	97%	94%	93%

Voucher Programs

Housing Choice Voucher		Monthly HAP Received	\$68,203
Allocated Vouchers	169	Monthly HAP Paid	\$80,982
Funded Vouchers	127	HAP Reserves	\$137,556
Leased Vouchers	132	Per Unit Cost	\$612
Utilization Rate for Provided Funding	104%	Utilization Rate for Monthly Funding	119%
Move-ins	2	FSS Program	3 Signed Contracts
Move-outs	2	Shopping	21
		Processing Applications	13

Bridges Rental Assistance	GY 2021-2023	Total Grant Awarded	\$206,784
Vouchers Leased	13	Available Balance	\$51,044
Awarded Vouchers	12	Grant Months remaining	1
Utilization of Vouchers	108%	Grant Funds Utilization	75%
Move-ins	1	Shopping	1
Move-outs	1	Processing Applications	2

Program/Project Updates

- Jordan Tower I Electrical Project
 - The exterior ground work and some interior common area work will begin in June 2023.
- Haven of Hope Flooring Project
 - Staff is working on the environmental review and the project narrative for HUD.
- Jordan Tower I Drainage Diversion
 - Bids were due on May 31, 2023 and none were received. Staff are working with the Architect on next possible steps.
- Jordan Tower I Lighting Upgrades
 - The contractor started work On Wednesday, June 7, 2023. It is estimated to be completed within two weeks.
- Jordan Tower II Management and Occupancy Review
 - Annually, Minnesota Housing completes an administrative review and a physical inspection of Jordan Tower II. This year is it scheduled for June 7 & 14, 2023.
- Jordan Tower II PARIF/HOME Compliance Review
 - Annually, Minnesota Housing completes a review due to the two funding sources for the 2019 major renovation.

Homeless & Supportive Housing Updates

- Goodhue County Resource Center
 - Location:
 - Lower Level of Christ Episcopal Church, 321 West Ave (use East Ave Door)
 - Contact:
 - 651-448-6246 or gcrw@gmail.com
 - Hours:
 - Monday 11:00 am - 4:00 pm
 - Tuesdays 3:00 pm – 7:00 pm
 - Thursday 11:00 am – 4:00 pm
 - Fridays 11:00 am – 4:00 pm
- Monthly meetings staff attend to review and update on local resources
 - Hands for Hope
 - Homeless Response Team
 - Continuum of Care



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June 13, 2023

To: Red Wing HRA Board of Commissioners

From: Kurt Keena, Executive Director
Corrine Stockwell, Finance Director

Re: Community Redevelopment Report

Small Cities Program Income Notes Receivable and Cash Reserves

Category	April 2023
Notes Receivable	\$1,783,239
Forgivable	\$969,395
Reserves	\$344,558

Small Cities Loan Servicing and Activities

One borrower was recently able to complete their roofing project that had been delayed by weather for several months. Funding of the loan for the Hallstrom project is still pending complete submission of all required material by the borrower. Hopefully, we are able to fund that loan and start work soon.

Affordable Housing Trust Fund Activities and Reserves

The approved loan for the Hallstrom project is still waiting to be closed. The delay is on the part of the developer and we are waiting to hear when they will be ready to proceed.

The same developer has inquired about another loan for an additional property he has purchased and wants to add housing units above the street level retail. The project appears to meet the criteria for the program and an application may be forthcoming at some point in the future. We may want to consider adding language regarding time limits to close on the loan if approved to avoid long delays in distribution of the funds.

April reserves for AHTF are \$334,685.

TIF (Housing) District No. 8

No change. Progress continues on the construction of the final phase of the development. We will work with the developer to certify this last phase as they get closer to obtaining a certificate of occupancy and certify all their expenses on this last building.

Three Rivers Tax Credit Development MOU

Three Rivers has decided to delay application to MHFA for Tax Credits until the 2024 funding cycle. It was not clear to them that the City Council would support the selected site all the way through the various approval processes necessary for a successful project. City staff has been directed to proceed with the proposed rezoning of the selected site and the outcome of that process will inform a decision about proceeding with an application in 2024 on that site or if an alternative site needs to be identified. We will continue to work with the parties to hopefully be able to bring this much needed housing to



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the community. Attached is the email communication that Leah Hall sent the Council, Mayor, and City staff regarding their decision.

Housing & Redevelopment Related Updates

We continue to assist Goodhue County Habitat for Humanity with exploration of issues related to their purchase of the former St. John's Hospital site and what role there may be for the HRA to partner with them in bringing much needed affordable ownership properties to the City. There may be potential for them to access some of the additional affordable housing funds approved by the State to complete the site work necessary before they can begin building houses.

Attachments:

Email from Leah Hall -Three Rivers Housing Project

Kurt Keena

From: Leah Hall <lhall@threeriverscap.org>
Sent: Friday, May 26, 2023 8:55 AM
To: City of Red Wing City Council Mayor
Cc: Kurt Keena; Kuhlmann, Kay; Klatt, Kyle; Leise, Michelle
Subject: Three Rivers Housing Project

Good morning,

The Three Rivers Admin team and our Board have been discussing the risks of moving a housing project forward in 2023, given that it is not clear if we have a strong majority of the City Council in support of the Technology Drive site. It was determined that the agency would need some additional assurances that a project would be supported by the City Council moving forward, as Three Rivers would need to spend close to \$40 - \$50k to get us to application with Minnesota Housing and then hundreds of thousands of dollars after that by the time we got to a TIF hearing, redevelopment agreement negotiations, re-zoning, etc. (if we are successfully awarded funds). The key issue is that Three Rivers assumes 100% of the financial risk from the moment we apply/are awarded funds until we close on the finance package and receive reimbursement (a span of a year- 2 years+ of development expenses that come out of our Housing Reserve) and there will be multiple junctures where we need Council action to support the project, or our investment will be lost.

Leadership on this end would like us to continue working with the City to determine a pathway forward towards a 2024 application to Minnesota Housing. We understand that City staff will be moving through the rezoning process for the Technology Drive site and we will continue collaborating with the City to find out if that is possible/successful - and if that site will be supported by the City moving forward over the long-term, or if another viable site needs to be located and secured for the project.

We remain fully committed to putting a project together for Red Wing and Three Rivers wants to continue to be a good partner to the City. We are very hopeful that together, we will have a project proposal ready for 2024.

Thank you and please reach out to me with any questions you may have,
Leah

Leah Hall

Community Development Director

lhall@threeriverscap.org

Phone (Cell): 507-226-6083

1414 Northstar Drive | Zumbrota, MN 55992



Fax: 507-933-4481

<http://www.threeriverscap.org/> style='position:absolute;margin-left:47.2pt;margin-top:9.45pt;width:17.75pt;height:17.75pt;z-index:-251655168;visibility:visible;mso-wrap-style:square;mso-width-percent:0;mso-height-percent:0;mso-wrap-distance-left:9pt;mso-wrap-distance-top:0;mso-wrap-distance-right:9pt;mso-wrap-distance-bottom:0;mso-position-horizontal:absolute;mso-position-horizontal-relative:text;mso-position-vertical:absolute;mso-position-vertical-relative:text;mso-width-percent:0;mso-height-percent:0;mso-width-relative:margin;mso-height-relative:margin' o:button="t">