

MINUTES
Community Development
Affordable Housing Advisory Board Meeting
Downtown Main Library • Meeting Room A
Wednesday • July 16, 2014 • 4 p.m.

Members present: Vicki Kerkvliet, Shawn Pritchett, Gayleen Riedemann, Aaron Rietsema, and Langu Okall

Members absent: Loretta Paganini, Chairperson; Jon Carroll, Vice Chairperson; Debra Metzger, Secretary; Jeff Kogel; and Kate Parker (ex-officio)

Also present: Les Kinstad, Paul Hess, Al Roettger, and Bruce Smidt, Community Development staff

AGENDA

1. CALL TO ORDER

Les Kinstad called the meeting to order at 4:05 p.m.

2. ADDITIONS OR DELETIONS TO THE AGENDA

There were no additions or deletions to the agenda.

3. APPROVAL OF THE MINUTES FOR THE MEETING OF MARCH 19, 2014

Upon motion by Shawn Pritchett, seconded by Vicki Kerkvliet, the Board approved the minutes of the March 19, 2014, Community Development Affordable Housing Advisory Board meeting as emailed. Motion carried unanimously.

4. OLD BUSINESS

a) *Report on Bright Futures Program from Elda Person and Tammie Denning (Interlakes Community Action Partnership)*

Al Roettger told the group in 2014 that Community Development provided \$70,000 for Bright Futures and \$180,000 for Tenant-Based Rental Assistance through Sioux Falls Housing & Redevelopment Commission. The funding for 2015 will be increased to \$105,000 for Bright Futures and \$200,000 for rental assistance.

After a brief introduction by Les, Tammie Denning explained the Bright Futures program was derived from the Heartland House concept. Heartland House is a two-year transitional housing program that started in 1996 with 15 units. They expanded in 2004 with 20 additional units, and in 2012 expanded again with 11 additional units for a total now of 46 units that they provide supportive housing for in their apartment buildings, with the exception of the 11 units where they do master leases with landlords in Sioux Falls. Tammie further explained the families are provided case management including representative payee services. The families create goals they want to achieve while staying there. The goal of each household is to be able to be self-sufficient to be able to afford to live on their own.

Elda Person continued with an explanation of the Bright Futures program. Elda currently works with 24 families assisting them with money management and budgeting on a weekly basis. Elda is the representative payee for these families where they turn their money over to Elda and in turn she puts the money in an account in their name and together they pay bills and discuss budgeting, which assists the families with self-discipline and self-sufficiency.

The difference between Heartland House and Bright Futures is that Bright Futures participants get to find their own apartment. Before participants can look for a rental unit, they have to have a briefing with a staff person in housing. The housing staff person tells the participant how large of an apartment they may have. After the participant moves in, one of the requirements they must meet is that they have to have a full-time job (32 hours or more weekly) within 30 days of signing up with Bright Futures. They are only able to go part-time if they decide they want to continue their education and attend school to earn a degree within two years. The objective is for those enrolled in this program to be self-sufficient and be able to afford their own fair market value rent. When clients first come into the program, they are only paying 30 percent of their adjusted gross income for rent and Sioux Falls Housing accepts the remainder.

Elda stated in 2014 she has already assisted 35 families, including 75 children. She always has 24 families active on the program; so if a participant graduates or is terminated, another participant is brought on.

Gayleen asked if a participant or client is noncompliant and is terminated, what other options do they have. Tammie said she then writes them a letter explaining that they are being terminated from the program. The participant has ten days from the date of the letter to appeal to the executive director. If they don't appeal, they are terminated on the 11th day. If they do appeal, they have a phone conference with the executive director and Tammie to explain to them why they feel they should be allowed to continue with the program.

The rental assistance given to these participants does not stop immediately. Sioux Falls Housing has to give clients at least a 30-day notice. Bright Futures staff does notify landlords when participants/clients are noncompliant and terminated from the program.

Gayleen asked how people are referred to Bright Futures. Tammie answered referrals come from friends, family members, shelters, evictions from other agencies, and Bright Start staff.

Les inquired if Bright Futures has a curriculum. Elda told the committee that participants are required to attend the following four classes that need to be completed within six months: financial planning, consumer credit, Tenant/Landlord Relationships I and II. When these four classes are completed, they are also expected to attend healthy relationship, nutritional, and parenting classes for certain age groups.

Shawn asked how many participants/clients get terminated from Bright Futures. Elda replied so far in 2014, four participants graduated and nine were terminated. Elda distributed a handout to the Board revealing a detailed summary of the Bright Futures, Tenant-Based Rental Assistance (TBRA), and Guarantee Fund programs for the month of June 2014 (see attached Exhibit A).

Overall, Paul Hess told the group that Bright Futures has been in existence for four years. There have been a total approximate number of 75 to 85 total clients with 25 percent of graduated clients. Paul said there are a number of clients that relocate, are noncompliant, or just don't want to participate in the program that make up a large percentage of the clients that do not graduate.

Gayleen inquired about the people who don't have children but are in need of the program. Tammie said high priority is given to families with children or those that are disabled. High priority is also given to people who have the desire and ability to work and to those who are able to increase their financial self-sufficiency so that when they leave the program they can afford the fair market rent. Tammie said the single people are referred to DHS, Community Outreach, St. Francis House, and Salvation Army.

Langu commented on the lack of men in the program. Elda stated she has worked with a few but does not get very many men in the program. The majority of the families they work with are single mothers with children.

Elda also briefed the group on the status of the Guarantee Fund. The Guarantee Fund couples with Bright Futures and is for those people whose credit is so deteriorated that they are unable to find a place to rent. This program guarantees the last month's rent to the landlord if the client defaults on their rent. It also guarantees \$2,000 worth of apartment damages to the

landlords if so needed. This program helps open up doors to those people unable to find apartments due to their deteriorated credit.

Elda stated she's recently found that there seems to be a shortage of affordable rental properties available.

b) 2015 Budget—Al Roettger

Al stated there's a 3.8 percent increase expected in additional federal grant funding for HOME and CDBG programs for 2015. We are expected to generate approximately \$500,000 to \$600,000 program income on the loan repayments being received from the Single-Family Rehabilitation and Homebuyer's Assistance programs we administer. We've also requested an increase of \$1.4 million in City general funds for 2015.

Another source we have beside federal, City, or loan repayments is a limited revolving fund that pays for construction of the single-family homes used in our Neighborhood Revitalization program. This account is considered a revenue neutral account because the funding used for this program cycles in and out.

Next year there are no new projects but more of an expansion of existing programs. Les said \$500,000 of general funds in 2014 was used for large apartment projects, of which \$350,000 was designated for the Westwood Apartment project on the west side of Sioux Falls. Les stated approximately \$750,000 is expected to be used for large projects in 2015.

c) Update on Volunteers of America—Bruce Smidt

Originally in 2014, the plan was to remove the existing chain-link fence and install new fencing along with revamping the entire playground area. As a result of Community Development's involvement due to the federal dollars being provided, the project was delayed as additional requirements such as environmental reviews and requests for release of funds needed to be fulfilled. In June 2014, an advertisement for bids was released but there were no formal bids submitted. At this time, the Volunteers of America is in a position where they can renegotiate the bids with a contractor able to get the project completed. The plan is to have this project completed yet in 2014. Community Development has committed \$25,000 of matching funds with the \$25,000 being provided by Volunteers of America for a total of \$50,000.

Vicki asked if the VOA playground would be ADA accessible. Bruce responded that the playground would be ADA accessible and will be in an enclosed area as it was previously and will be locked in the evenings. Gayleen inquired about the hours of the facility. Bruce said the Volunteers of America would be open until 7 or 8 p.m.

5. NEW BUSINESS

a) *Comments/Questions on Duluth Heights Apartment Complex Walk-Thru*

Gayleen was the only Board member able to walk through the apartment complex earlier today. Gayleen stated the contractor who completed this project did a wonderful job.

There was a brief group discussion regarding the delay of the completion of this building.

b) *Public and Private Entities*

Les told the Board he is looking for ways to approach developers to increase the amount of affordable housing being produced in Sioux Falls. We have also been approached by Sioux Falls developers to specifically focus efforts in the Pettigrew Heights Neighborhood.

Langu asked what kind of diverse people would be included in building these affordable housing projects in Sioux Falls. Les said he is working on attempting to acquire smaller lot sizes where there would be an opportunity for beginning start-up companies to participate.

c) *Downtown 78-Unit Affordable Housing Apartment Building*

Les indicated the Board will soon be able to see the construction of a \$12 million affordable housing complex in the central part of the city. Community Development will be contributing \$1 million of accumulated CDBG funds toward the completion of this project. Les said construction is expected to begin yet the fall of 2014. This complex will be 78 units to accommodate people with 60 percent average median family income. It is largely intended to accommodate workforce housing.

d) *Planning Process*

Les said every five years Community Development is required by the Department of Housing & Urban Development to assemble a five-year plan. Les, Al, and Bill Hassler will be working together to satisfy this requirement in 2015. In addition to the five-year plan, Community Development staff is trying to get a broader based planning process established for affordable housing in Sioux Falls. The statutory entity that has the ability to put this plan in place is found in the Sioux Falls Housing & Redevelopment Commission. This is a five-member commission appointed by the Mayor of Sioux Falls. This commission has bonding authority, eminent domain authority, and the power to declare an area blighted. Les indicated a good test environment could be the Pettigrew Heights Neighborhood.

Because there's such a large gap between the increased rate in people needing affordable housing and the amount of affordable housing being built, Les said he is hoping to pull elements of the community together with the

focal point being the Sioux Falls Housing & Redevelopment Commission along with a couple of City Council members, citizens, bankers, and social service agencies. Les stated he'd also like a few members of this Board included in this group to discuss the housing situation and develop a plan.

6. OTHER BUSINESS

Modifications to Homebuyers Assistance Program

AI reiterated Community Development is in the process of revising our Homebuyers Assistance Program. The focus of the program is to revitalize neighborhoods, and Community Development is in the process of rewriting program guidelines in order to find the buyers who if they had received this assistance would make a difference as to whether or not they can afford to buy a house, in lieu of the buyer who has already been preapproved with a bank loan. Other options being considered are possibly requiring education and tightening up the underwriting associated with these loans.

7. ADJOURN

Upon motion by Aaron Rietsema, the meeting adjourned at 5:10 p.m.

Secretary