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Title: 2018/2019 Rental Rates for Housing & Redevelopment Authority (HRA) Owned Properties

Sponsors:

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Attachments: 1. FY 2018 Fair Market Rent

Date	Ver.	Action By	Action	Result
4/24/2018	1	Housing & Redevelopment Authority	approve	Pass

DATE: April 24, 2018

TO: Members of the Housing & Redevelopment Authority

FROM: Janine Atchison, Housing Coordinator

..Title
2018/2019 Rental Rates for Housing & Redevelopment Authority (HRA) Owned Properties

..Body
SUMMARY AND ACTION REQUESTED:
The HRA is asked to review and approve the 2018/2019 rental rates for the Washington Street S., Elianna Drive, and Hidden Valley Road properties.

BACKGROUND:
Washington Street S. - 2018 Fair Mark Rent (FMR) = \$882 per unit. FMR includes cost of utilities. The property was purchase by the HRA in 1999. Both units of this duplex property are leased to the Northfield Community Action Center (CAC) for \$600 per month, per unit. The lease began in 2017. The CAC utilizes both units for a transitional housing program. The HRA pays electric, gas, water, sewer, garbage collection at this property.

The property had previously been rented for \$845 per month to Three Rivers Community Action Agency for a transitional housing program. However, federal funding was discontinued for transitional housing programs and Three Rivers was not able to maintain the program. .

Monthly rents were lowered to assist the CAC in continuing their transitional housing program despite discontinuation of federal funding.

Elianna Drive - 2018 FMR = \$1,256 per month, per unit. FMR includes cost of utilities. In 2009, the HRA purchased 2 dwellings in the Fargaze Meadows Townhome Association. Each dwelling unit rented for \$920 per month until 2016 when the rents were raised to their current level of \$945 per month. Both units provided stable, affordable housing to working families. The tenants pay their own gas, electric, water, sewer and garbage collection at these properties. The HRA pays HOA fees which include lawn mowing and snow removal.

Hidden Valley Road - 2018 FMR = \$1,139 per month. FMR includes cost of utilities. The dwelling is the east half of a twin home purchased by the HRA in 2015. The property was initially leased to Ruth's

House of Hope in 2016 for \$1239 per month. However, FMR rates for 3 bedroom units was lowered to \$1136 in 2017, so the rent was lowered accordingly. The HRA pays electric, gas, water, sewer and garbage collection at this property.

ANALYSIS:

The HRA expressed interest in assisting the CAC to maintain a transitional housing program when federal funding was discontinued. Leasing both units at the Washington St property under the FMR limits allows the CAC to continue providing much needed transitional housing for their clients. At the current rental rate the HRA is able to maintain the property and recapture the costs of capital improvements over a 6-7 year period.

Both Elianna Townhome properties are leased to working families whose income is below 80% of the area median income. The properties provide sufficient income to cover all expenses and recover initial outlays over a twenty-four year period.

The Hidden Valley Drive property is currently renting just \$3 per month below the 2018 FMR standards. The property provides sufficient income to cover all expenses and recover initial outlays for the original purchase and remodeling over a 12 year period.

RECOMMENDATION:

Based on the HRA mission to provide stable, affordable housing to low and moderate income families, staff recommends the HRA maintain monthly rental rates at current levels for 2018/2019.