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9/21/2016	1	Housing & Redevelopment Authority		

DATE: September 21, 2016

TO: Members of the Housing & Redevelopment Authority

FROM: Janine Atchison, Housing Coordinator

2007 Hidden Valley Rd - Rehabilitation Report

SUMMARY:

The rehabilitation work at 2007 Hidden Valley Road is complete. The interior work was completed first and the family from Ruth’s House of Hope moved in the last weekend in July. The exterior work, including the painting, was completed in early September.

BACKGROUND:

The property was tax forfeited to Rice County and purchased by the HRA in 2015. The HRA purchased the property to provide needed affordable housing, specifically for larger families. The structure, which is one unit of a twin home, had structural and other code deficiencies which had to be addressed prior to occupancy. An egress window was added to a basement room to provide a 3rd bedroom in the unit.

An inspection was completed by the Northfield Building Inspector and Housing Coordinator to determine the scope of the repair work needed prior to occupancy. The scope of work was presented and approved by the HRA Board in April 2016. Competitive bids were obtained from local contractors. The cost estimates were approved by the HRA Board and work began in May. Work to complete the egress window and basement wall stabilization had been approved in 2015 and completed in February 2016. The other interior work was completed in July and the exterior work completed in early September.

Additional work was required that was not in the original scope of work. For example, the siding on the East side was more deteriorated than expected, so we replaced more wood than planned. The siding on the eaves above the roof and some of the fascia was rotten and had to be replaced. The two large East side windows were

rotted and had to be replaced. The gutters could not be repaired as planned and were replaced. The lower level bedroom lacked a closet so alterations were required. The front storm door was also replaced.

ANALYSIS:

The HRA Board paid \$36,122.84 for the property. The rehabilitation cost, including the early work done to stabilize the basement wall and add an egress window was \$78,639.66. The total investment for the HRA was \$114,762.50. A comparable property located at 2215 Hidden Valley Road sold in June 2016 sold for \$180,000. Although this property had a small sunporch and a finished family room in the basement, it is still a good indication that the value of the 2007 property exceeds the amount invested. Rice County records value the property at \$181,600.

The property has a two year lease with Ruth's House of Hope. The current rent is \$1289.00 per month or \$15,468 per year which includes utilities. Figuring a liberal utility allowance of \$189/month, the HRA Board will recoup their investment in 8.6 years at current rental pricing. There is a provision in the lease which will allow the HRA to change the rent next year as Rice County Fair Market Rents increase.

There are two items which have not been corrected at the property. The asphalt driveway is deteriorated and should be replaced. The neighbor who shares the driveway wants the replacement to occur as soon as possible this year or in the spring of 2017. She has asked that the HRA Board to share the cost of replacement. Estimated cost of replacement is \$3000 - \$4000. The neighbor would pay half. The concrete steps leading to the front door have cracked and settled causing a 1 inch ridge to form which impedes access. The concrete is also deteriorated and pulling away from the garage slab and should be repaired. The cost is approximately \$1300 for this repair.

RECOMMENDATION:

Staff recommends approval for the additional needed repairs.