



Legislation Text

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TO: Members of the Housing & Redevelopment Authority

FROM: Janine Atchison, Housing Coordinator

Community Action Center Proposal for Lease at 517 Washington Street South

SUMMARY AND ACTION REQUESTED:

The Community Action Center is proposing to lease the 2 dwelling units located at 517 Washington St South, owned by the Housing & Redevelopment Authority (HRA), for transitional emergency shelter.

BACKGROUND:

Executive Director Jim Blaha of the Community Action Center of Northfield (CAC) has proposed a lease for the two dwelling units at 517 Washington St S owned by the HRA.

The dwelling units were previously leased to Three Rivers Community Action Agency (Three Rivers). Three Rivers had partnered with CAC to provide a transitional housing program which was funded through Housing and Urban Development (HUD). However, in May, 2016 Three Rivers received notice from HUD that this funding source was discontinued.

The tenants living in the upper unit were at the end of their transitional program and moved out on May 31, 2016. The HRA entered into a lease agreement with the lower unit tenant until June 30, 2017. This allowed the lower unit tenant to complete their transitional housing program.

The HRA has made numerous inquiries to different agencies regarding a possible lease for the upper unit to persons or programs in need of affordable housing. The upper unit has remained vacant during this period as it underwent repairs and cleaning.

The CAC is proposing to rent both units to be used as emergency shelter. The CAC currently provides emergency shelter for up to 2 weeks at the Manger Inn and the Extended Stay Motel. However, CAC staff has determined that it takes 1 to 3 months for a person or family to stabilize enough to obtain permanent housing. The CAC would like to lease both rental units at 517 Washington St S for use as transitional housing for their emergency homeless program.

ANALYSIS:

The CAC is proposing a rental amount of \$600 per month/per unit with all utilities paid by the HRA. In this proposal the CAC would provide cleaning and readying services upon change of tenants. The proposal does not address tenant damages.

The lower unit currently rents for \$846 per month with all utilities paid by the HRA. The upper unit previously

rented for the same amount. The gross property income for 2015 was \$20,204. The gross property income for 2016 was \$15,228. The 2016 rental income was lower because the upper unit was vacant for 6 months. The 2017 budgeted income for this property is \$18,120. The annual amount being offered by the CAC is \$14,400, which is \$5804 less per year than the HRA has received for the 2 units when fully rented.

In previous meetings the HRA discussed that future leases would have the tenant paying the utilities in order to create an incentive for the tenant to conserve energy. However, the use proposed by CAC would not create the tenant incentive to conserve energy, as the CAC would be the tenant paying the utility bills.

The HRA Board should consider recouping additional 2017 cost for repairs and updates to make the upper unit livable (approx. \$12,300) and the cost to replace windows on the South side of the building (approx. \$4800 - \$5500). The South side windows are in substandard condition and should be replaced as soon as possible.

OPTIONS:

The HRA has the option to accept the proposal from the CAC, accept the proposal but negotiate a higher rent for each unit, or rent the units for a different use.

RECOMMENDATION:

Staff would recommend entering into a lease agreement with the Community Action Agency at a higher rent rate than what has been proposed.