



**RIVER FALLS CITY COUNCIL JOINT WORKSHOP WITH THE RIVER FALLS HOUSING AUTHORITY  
REGARDING HOUSING AUTHORITY ORGANIZATIONAL ANALYSIS**

**August 10, 2021, 5 p.m.**

**Training Room, City Hall**

**City Council Members Present:** Mayor Dan Toland, Todd Bjerstedt, Nick Carow, Sean Downing, Scott Morrisette, Alyssa Mueller, Diane Odeen, Ben Plunkett

**Members Absent:** None

**City Staff Present:** City Administrator Scot Simpson; Assistant City Administrator Jason Stroud; Finance Director Sarah Karlsson; Utility Director Kevin Westhuis; Community Development Director Amy Peterson; City Clerk Amy White; Assistant to the City Administrator Brandt Johnson; Senior Accountant Sam Hosszu

**River Falls Housing Authority Board (RFHA) and Staff:** Peggy Chukel, Jackie Niccum, Matthew Fitzgerald

**Others:** Ben Fochs

The workshop began at 5:01 p.m. with introductions. Community Development Director Amy Peterson provided background. The long-term Executive Director was preparing to retire which provided the River Falls Housing Authority Board (RFHA) an opportunity to look closer at the Housing Authority organization. The City provided funding for a report which was done and sent to the Council.

Craig Rapp, President of the Rapp Consulting Group, was present to provide a report. Rapp talked about his qualifications and experience. Craig Waldron did the same.

Tonight's agenda is a presentation and discussion, process, findings, key issues, options, and recommendations. The scope of the report was an analysis of the current operations and federal programs under management including reviewing costs/benefits of closer integration with City staff while maintaining legal structure; costs/benefits and barriers to converting the Housing Authority to a Community Development Authority (CDA), and opportunities to sustain existing housing inventory and facilitate increasing the supply.

The project approach would analyze operations of RFHA by reviewing key documents, conducting interviews, consulting housing experts, and evaluating leading practices, and analyzing current organizational structure. The general findings were:

- Housing Authority is well-maintained with positive tenant relationships.
- Is in a solid financial position.
- Leadership transition presents the board a unique opportunity.
- There is a lack of consensus regarding need for change.
- RFHA's complex financial and legal relationships are not uniformly understood.
- RFHA functions as a manager of affordable housing and vouchers; not as a developer of new affordable housing.
- City-RFHA relationship does not capitalize on available synergies.

- River Falls lacks an overarching housing vision and strategic plan.
- The Maxfield Study and housing experts confirm the need for additional affordable housing.

Alderson Downing asked for clarification on stakeholders. Waldron talked about who they spoke with feeling they covered the complete universe. He talked about positive interviews.

Rapp talked about key issues and opportunities which included:

- Unified vision for strategy for affordable housing. Rapp read the mission statement of the housing authority.
- Rapp talked about River Falls and opportunities between the organizations. He spoke about it being in the City's interest to be forward thinking.
- Leadership transition
- Resource maximization and alignment – external. Rapp said if you have a lot of folks competing for resources and not aligning interests, it is a waste of time and money. He talked about working together to be better and more efficient.
- Alternative service delivery: extra territorial, collaboration. Rapp talked about the RFHA working in Prescott. As you think about the future, think about extraterritorial stuff - maybe there are other opportunities.
- Resource maximization and alignment – internal. He talked about possible synergies when working together.
- Alignment of housing and economic development. Rapp talked about workforce housing.
- HUD housing repositioning. With President Biden, there is change potential. He talked about potential future changes in federal programs and opportunities for repositioning of assets.

Rapp talked about possible options in moving forward:

- Maintain status quo
- Adopt a CDA Model
- Adopt a Hybrid Model

Rapp briefly talked about advantages, disadvantages, and challenges with the status quo.

Alderson Plunkett asked about definitions for low and moderate income. Rapp said it was the HUD defined federal guidelines. Interim Director Chukel said there were different categories and provided further information. Plunkett had further questions regarding vouchers, Section 8, and the market rate. Rapp talked about workforce housing being more aligned with the moderate-income standard which is above what Chukel is talking about. Plunkett thought there was a gap in private housing and what people can afford. There was further discussion about economic development, low income housing residents, and the need for housing.

Rapp talked about the next option which is adopting the CDA Model. He talked about advantages, disadvantages, and challenges with adopting a CDA Model. Alderson Mueller asked about legislation about turning in landlords and the maintenance of properties. City Administrator Simpson talked about statutory limitations on inspections. Chukel noted the voucher program requires an annual inspection. There was further discussion about vouchers.

Alderson Downing liked the Hybrid Model. He thought the CDA Model had potential in the future. He asked about future risk. Rapp would answer when explaining the Hybrid Model which is what they would recommend.

Rapp said the Housing Authority Executive Director would become a City employee. The board remains intact with two Councilors serving on it. This model could become a CDA in the future. He talked about the disadvantages and challenges. Rapp showed a Hybrid organizational chart. He recommended implementation of the Hybrid Model.

Peterson asked if Alderson Bjerstedt who serves as Chair of the Housing Authority wanted to speak.

Aldersperson Bjerstedt said the process has been interesting. He thanked the City for helping the board put it together. Some have felt 'let's not rock the boat', but the future will change, and we have to adapt. It seems in our discussions that we are interested in Hybrid Model. He has a million questions. As a Councilor, he is wondering how are we going to do this as Scot keeps telling us that the City staff can't take on more work. There is a meeting tomorrow. It will be a collaborative effort of six months or more of figuring this out. Bjerstedt said Anne and Peggy have done a wonderful job. We'll decide tomorrow.

Peterson said the board has discussed it and asked where is Council?

Aldersperson Carow who also serves on the board is conflicted. He doesn't have a sense of where Council is. He hears the City is maxed. He talked about benefits of a CDA in the long-term and not seeing shared efficiencies. He knows they are there, but no one has shown him what they look like. Carow leans toward the Hybrid Model as long as we have assurances that we can keep delivering services to the residents.

Aldersperson Odeen has questions about the CDA model. She has been thinking about how we can accomplish without becoming a CDA – the things we can collaborate on. She thought the CDA sounds like a hardworking group that can do a lot. She is thinking that a lot of this can be done in a Hybrid model.

Bjerstedt asked about cities doing this. Rapp answered talking about populations and implementation. There is not a generic answer.

Aldersperson Morrissette is more inclined to the Hybrid Model. He asked about the members of CDA board being elected. There was discussion. Rapp believed they are appointed.

Bjerstedt asked about accountability to Council. Rapp talked about the CDA doing planning, housing, and entering into an agreement with outcomes we are seeking. He talked about bonding authority.

Waldron spent a lot of time looking at different entities. CDA versus Hybrid. We couldn't get comfortable with a CDA recommendation for the City right now. HUD would say it's not good to make quantum leap right now. The Hybrid approach has advantages.

Mueller talked about the industrial parks and having people living in other communities because there is no housing here. Having these two things going at the same time is advantageous to help maintain afford housing. She thinks the Hybrid model is great.

Plunkett asked about the skill set of the Hybrid model and if that position is capable of managing both federal programs and development. Can we find one person or would the position need to be split?

Rapp talked about having a clear and sober eye about what you are trying to accomplish across the community. He doesn't want to say the City or HA is the solution. He talked about how that gets done. Where are capabilities coming from? Could be you pull it off the shelf or would you need to recruit it?

Plunkett said a lot people that have a lot vested not to expand housing which would drive down the market rate. He talked about that being a driving factor and winners and losers with politics.

Carow asked if the Hybrid unlocks new dollars. Rapp talked about holding action after getting through the transition to Hybrid. It doesn't bring new federal dollars. The new dollars are the economy of scale and efficiencies. He doesn't believe it will go backward. He talked about the Housing Authority being independent from the City.

There was discussion about the Housing Authority impacting the City bonding rating and Housing Authority staff benefits/wages. There was clarification that only the Executive Director would become a member of City staff.

Chukel asked about funding. Rapp responded and talked about tax credit housing. If the City is doing tax credit deals, why isn't the Housing Authority in that mix? Look at the housing landscape and coordinate it. Peterson provided some clarification. She asked if Simpson wanted to give the last word.

Simpson talked about what to do. He provided background of what his answer would have been eight years ago. At this point, he is worried about mission delusion. He talked about focusing on what we are good at. The Housing Authority is good at providing clean, safe, property management. He is worried about screwing that up. He senses urgency by Council, maybe by the community, and board to make more progress with housing which will not happen with status quo model.

The urgency in his mind is less. He is concerned about the employee issue as he doesn't believe having the Executive Director as a member of City staff and the other staff as Housing Authority staff would work. He talked about finance issues and not getting the economies right away. He thinks holding status quo for a while right now is the way to go. He provided further details, talking about becoming behind in housing units and the Maxfield Study. We can make the model work. If you do this, it will be a burden for the Housing Authority and City staff to work through. He doesn't see a smooth path forward. The Library model is a better model than utility. We would need a MOU. It will cost the City money. To fund as proposed, it will cost the City money. He thinks the City will have to come up with funding the Executive Director position 80/20 and the position will be difficult to recruit. He talked about making more progress with the Hybrid model. Simpson would give up progress to hold the status quo. We would not develop as many units with this model.

Matt Fitzgerald asked about the timing with the Hybrid model. Simpson answered we can do whatever you think it's a priority, and we will make it work.

The workshop was adjourned at 6:26 p.m.

Respectfully submitted,

Kristi McKahan, Deputy Clerk