



Originator Housing Redevelopment Authority	Item HRA Board Chair Mark Thorson request to apply for Bloomington HRA home improvement loan
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Date
6/23/2015

Description

Bloomington HRA Board Chair, Mark Thorson, has requested an application to the HRA home improvement loan program. The funding source for the loan would be the Community Development Block Grant (CDBG) Program, which is funded and governed by the Department of Housing and Urban Development (HUD). The Bloomington HRA administers the CDBG program on behalf of the City.

CDBG regulations allow board members of an administering entity to apply for funds if the administrative board approves allowing the board member to apply, and if HUD provides approval.

An exception may be considered only after the unit of general local government has provided the following with the exception request:

1. The name, title, and classification of the person, and a brief description of the person's position as it relates to the CDBG assisted project or contract award. Name, title and description of the person's position relative to the CDBG project/award.
2. A disclosure of the nature of the Conflict of Interest.
3. Proof that the disclosure has been made public. Proof of disclosure should be submitted and any discussion or comments received from the public should be provided to HUD.
4. A legal opinion from the Grantee's attorney stating there will be no violation of state or local law if the exception were granted.

Once this information is submitted, our office will determine that the request meets the threshold requirements for an exception and review the factors to be considered for granting an exception (see below). The city should provide information which will help our office respond to these factors in the initial request but we may also want to schedule a call to discuss the request.

(2) Factors to be considered for exceptions. In determining whether to grant a requested exception after the recipient has satisfactorily met the requirements of paragraph (d)(1) of this section, HUD shall conclude that such an exception will serve to further the purposes of the Act and the effective and efficient administration of the recipient's program or project, taking into account the cumulative effect of the following factors, as applicable:

- (i) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project that would otherwise not be available;
- (ii) Whether an opportunity was provided for open competitive bidding or negotiation;
- (iii) Whether the person affected is a member of a group or class of low- or moderate-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
- (iv) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted activity in question;
- (v) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (b) of this section;

- (vi)** Whether undue hardship will result either to the recipient or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and
- (vii)** Any other relevant considerations.

The legal opinion letter requested by the Bloomington HRA requires the following conditions be met in order for an HRA Commission member to apply for an HRA loan:

Minnesota Statutes, Section 471.88, subd. 19 states that if a housing and redevelopment authority administers a loan program with state or federal funds, the authority may make a loan from these funds to a public officer of the housing and redevelopment authority who applies for a loan if certain conditions are met. The conditions include the following: (i) the commissioner who applies for a loan must disclose that he or she has applied for the loan during a public meeting of the HRA; (ii) the commissioner's disclosure must be recorded in the official minutes of the meeting; (iii) the commissioner must abstain from voting on the application or any other actions related to the loan; and (iv) the HRA Board must approve the loan application by unanimous vote.

The Bloomington HRA staff will document the application process to ensure the application meets all funding and underwriting guidelines for the program, and that the application is processed in the order in which it was received. If a unanimous vote in favor of allowing the application is received, the request and related information will be sent to HUD for final approval.

Requested Action

Formal request to the Bloomington HRA Board of Commissioners by HRA Chair Thorson to apply for a Bloomington HRA home improvement loan. Unanimous approval by HRA Board required to allow application by Thorson.

Attachments:

Attorney opinion letter