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Sunset, Sunrise? Hilbert to decide housing project fate soon

By Ed Byrne
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HILBERT – Faced with a model for subsidized housing that is not financially feasible, the Village of Hilbert is primed to divest itself of the Sunrise I and Sunrise II low-income housing operations on South Third Street.

In a meeting on Tuesday morning, the Hilbert Housing Authority (HHA) Board voted 4-0 to pay off the outstanding mortgages on the two buildings and sell the property to a private developer.

That recommendation goes to the full village board for final action at its February 11 meeting.

The housing projects are both run under rules imposed by the federal government. That limits the rent, and the rental income has proven insufficient to pay off the mortgages, pay for management of the properties, and maintain the buildings.

Sunrise I and II are separate buildings and were built under separate federal subsidized housing programs.

Allegiant Property Management of La Crescent, Minn., manages the two properties, and manager Sara Sherrard told the HHA that Sunrise I has one apartment vacant after the residents left without notice at night.

The Sunrise II property has five units vacant, but three are in such bad condition that they are uninhabitable and un-rentable.

The village has been using general fund money to keep the operation afloat, but now a private investor – whose name is being kept in confidence - is interested in buying the two buildings and operating them on the open market.

Under federal rules, rent could not be raised on current residents, but market rate rents would apply to all new residents moving into the buildings.

HHA Chairman Tom Piepenberg said the federal rules make the facility untenable as subsidized, low-income rental housing.

"With the rates in place right now, Sunrise I, which has just one [vacant] apartment, is able to keep its head above water – but just barely," Piepenberg said. "Even when they're fully occupied, you're not gaining any ground on the bills, the repairs or [paying off] the mortgage."

Sherrard said the parking lot needs repairs and there's no money for that, either.

HHA board member Tony Sweere said the current income isn't enough to operate the facilities, but the federal rules prohibit raising the rent to cover true costs.

Under the plan recommended by the HHA on Tuesday, the village would work with Allegiant to end the operation as a subsidized low-income housing facility. The property would then be sold to a private developer at a price sufficient to pay off the remaining mortgages – between $180,000 and $200,000 – and the properties would no longer be under the village.

They are currently exempt from the property tax, but under private ownership would go on the tax rolls.

The village is currently losing about $3,000 per year on the two

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SUNRISE

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buildings.

Because the village has had problems even finding potential renters, the HHA is convinced that there may not even be a need for subsidized housing in the village.

The plan for divesting the village of the property had no opposition.

"We are seeing the light at the end of the tunnel," HHA board member Chet Johnston said.