

WINNEBAGO COUNTY HOUSING AUTHORITY MINUTES

Tuesday, July 27, 2010

Marian Manor, 3:00 P.M.

COMMISSIONERS PRESENT: Mike Norton, Chairman
 Patty Maehl, Vice Chairman
 Karen Keller
 Rebecca Hackett
 Richard Schallert

STAFF PRESENT: Brad Masterson, Executive Director
 Su van Houwelingen, Deputy Director (arrived during meeting)
 Kim Lynch, Executive Assistant

OTHERS PRESENT: None

- 1.) Chairman Norton called the meeting to order at 3:03 p.m.
- 2.) Chairman Norton directed the Commissioners to review the minutes of the regularly scheduled board meeting held on June 29, 2010. There being no questions or comments, Ms. Keller moved, seconded by Ms. Maehl, to approve the minutes of the June 29, 2010 meeting. Motion carried 5-0.
- 3.) **Finance – Accounts Payable**
Chairman Norton inquired if there were any questions pertaining to the June accounts payable report. Mr. Masterson responded to questions explaining that the Community Housing Coordinator is Mary Bach who runs the Home Buyer and NSP programs. The check to Kwik trip is for fuel for the trucks and lawn mowers. The check to CDW Government is for the new computers and software that was purchased and the Modern Business Machines check is for the new copier/printer. After identifying other payments for the commissioners, Masterson proceeded to the Report of the Executive Director.
- 5.) **Report of the Executive Director**

a.) Old Business

Mr. Masterson commented on Resolution 577-10 from last month's meeting that approved a title change for Ms. van Houwelingen from Operation's Manager to Deputy Director. Masterson reiterated that he was in support of the resolution. As well as more accurately describing Ms. van Houwelingen's position, the title gives staff the assurance that, in Masterson's absence, Ms. van Houwelingen does have the authority to make decisions.

Chairman Norton requested that Mr. Masterson comment on the article in the Northwestern about Court Tower. Masterson stated that he thought the reporter did a good job relating the information that Masterson gave him. WHEDA awarded tax credits on July 7, 2010. Those that were awarded credits were given 20 days to pay their initial fees or turn in the credits. On July 29, 2010 WHEDA will announce how many tax credits were returned. It is highly expected that a lot of the tax credits will be turned back in. Hopefully, by the first week in August, WHEDA could notify the OHA about available tax credits and require a 14-20 day window in which to respond and then pay the first 5% in fees. Strides need to be taken to show WHEDA that the HA can fill the financing gap without using Exchange Credits. This is why there is a resolution on the agenda for the creation of a Community Housing Development Organization (CHDO).

The HA needs to be able to show WHEDA that it is able to commit to the development if the HA is awarded the tax credits.

The newspaper article also talks about the Exchange tax credits. When WHEDA set up their tax credit system for 2010, it was believed that congress would pass an extension to the Exchange tax credits. When the tax credits were not moving in 2007 and 2008, the states had authority to spend money that they weren't able to spend because no one was able to find an investor for tax credits. So, the state and WHEDA ended up with a lot of authority that they couldn't do anything with. Congress was aware of the issue and created a TCAP Program and an Exchange Program where old tax credit authority could be used as a grant award or a TCAP loan. The WCHA has a TCAP loan to rehab Omro and Winneconne. Because WHEDA had still not used all of their tax credit authority from last year, they, as well as other states, have lobbied that the Exchange tax credit program be extended. WHEDA had put in their allocation plan that tax credit applicants could include in their application Exchange money to fill gaps in funding. Congress has now deleted that provision for exchange tax credit from the current legislation. So, currently WHEDA does not have the authorization to award Exchange credits and it is unlikely that Exchange credits will be available in the near term. Most all of the tax credit applications in the last round included the use of Exchange credits to bridge funding gaps. The WCHA is currently at about \$60,000 in fees paid to WHEDA for the River Cities deal. The Court Tower deal will cost the OHA about four times that amount in fees.

b.) Quarterly Occupancy Report

Mr. Masterson briefly reviewed the quarterly occupancy report that was included in the packets. Both OHA & WCHA properties are listed on the report. The occupancy rates for Foxview, Riverside and the Menasha 40 units are low do to the rehab projects going on. Masterson responded to inquiries regarding tenants at Foxview and Riverside who may be under 62 years of age and currently under lease. Construction has begun at Riverside and tenants will start being moved to temporary units on Monday.

c.) Public Housing – Menasha Renovations Update

Mr. Masterson reported that there have been some Menasha aldermen that are not happy that the siding and roofing work is not yet done because of the unfinished appearance. The roofing work had to be re-bid because the original bid came in \$100,000 to high. There were also issues with the City of Menasha not allowing the HA to build the overhangs out across the new porches. So, the building fronts needed to be re-drawn and submitted to the City for approval. The roofing work is now underway. Despite warnings, a roof was torn off one of the buildings and not properly covered before it rained. All the rain came down inside the wall of a finished interior and caused damage. There was one tenant complaint about water seepage. The HA has agreed to provide a shop vac for the tenant in the interim so she can get the water cleaned up right away. The phase two rough-ins are done. The FAST Team is making good progress and hasn't encountered any new issues. Regarding South Park Group Home, the City's consultant has contacted the HA for information on the tenants so they can come up with a plan and a value for the property. The process there is just starting. The County has also contacted the HA regarding another group home they want the HA to acquire.

d.) Assisted Housing

i. River Cities Redevelopment

▪ **Construction Decisions**

Mr. Masterson reported that on Thursday there will be an engineer flying in from the east coast to look at the Mitsubishi system, Riverside Apartments and Foxview Manor. Stratford Capital Group's investors are contracting for his services. Stratford has also now revealed the investors for the River Cities deal are Kroger, Penn Mutual, TD Bank and BB & T.

Regarding demolition, it has been identified that there is asbestos in the glue holding the gypcrete to the plywood under flooring at Riverside. The plan is to encapsulate the problem areas with a strong tile such as ceramic tile in the bathrooms and vinyl planking in the kitchens and hallways. It would cost the HA approximately \$138,000 to remove the asbestos as opposed to encapsulating it. Also, construction will now be done vertically instead of horizontally. McGann's contractor will be on site full time as of next week.

- **Closing Document Finalization**

WHEDA wants to have the closing on Friday of this week. However, there are some documents that have not even been created yet. So, closing this Friday may not be viable. Chairman Norton may need to accompany Mr. Masterson to Madison to sign several documents. Masterson mailed one of the documents to the Commissioners to give them an idea of what the documents were like.

- **Beginning Temporary Relocations**

Mr. Masterson stated that the tenants that need to be temporarily relocated have been notified of when they will be moved.

Masterson addressed the garage issue stating that garages don't count in basis. So, neither WHEDA nor the tax credit investors are focused on them. The HA believes garages are needed over the long haul to successfully market the properties. Currently, the HA doesn't have a solid garage solution for either property. A garage solution only works if a garage space can be provided for every tenant. It is proving very difficult to get 31 garage spaces on the property at Riverside. Even though the City of Omro may be agreeable to allow the HA to lease the old Omro City Garage for parking spaces at Foxview, it would be difficult to justify having 30 garage spaces in Omro and none in Winneconne. This decision doesn't have to be solved now, but there will need to be some HA equity or debt committed to make it happen.

e.) Housing Choice Voucher Program Update

Mr. Masterson reported that there are currently 411 vouchers issued. There are also 27 applicants out looking and not yet under contract. At this time, the program is still under in "unit months" for the year. Program processes were reviewed and questions addressed.

f.) NSP On-site program Management Audit

Mr. Masterson reported that the Department of Commerce staff was here conducting an audit of the NSP program. They were here for almost two days. The letter received regarding the audit was brief and had very few complaints. There was one deal where HUD insisted that instead of the HA agreeing to pay 99% of the market value, they agreed to reduce the price from 101% which caused the HA to pay \$7.00 too much for a property. So, the HA is expected to get \$7.00 back from the seller. Fortunately, one of the other NSP grantees has already run into this problem and the solution doesn't require the HA to "reinvent the wheel." Reviewers also demanded C-CAP proof that the properties have gone through foreclosure. Ms. van Houwelingen reminded the board that the NSP program is a pot of money that was awarded to us with few known rules. The rules have been developed as we go which has caused a lot of confusion and problems. Mr. Masterson and Ms. van Houwelingen responded to additional questions regarding the NSP program.

An agreement has not yet been reached with Clarity Care for Greenfield Group Home. Lakeland Care District wants the HA to contract directly with clients which is not an option. Negotiations are ongoing. The HA has reached an accord with LSS regarding Pinel Group Home. LSS will be paying the rent for the building.

- 5.) Mr. Masterson presented Resolution 582-10. This resolution approves the creation of Community Housing Development Organization (CHDO). Masterson referred the Commissioners to the handout included in their packet from the Wisconsin Department of Commerce and provided a brief history and summary of CHDO's. A CHDO would get a preference under HOME funding for a state set aside that only a CHDO can apply for. Also, CHDO regulations require that the CHDO be actively engaged in management of the project. If the OHA proceeds in creating a CHDO at this time, it puts the HA in a position to apply to the state to be designated as a CHDO and then be able to access that separate pool of money. A new Organizational Model was distributed to reflect how a CHDO could fit into the organization's hierarchy. Both the OHA and WCHA could contract with the CHDO to run its programs and the two Boards of Commissioners would serve on the CHDO Board along with other members from the community at large including low income persons. This could be a way to unify the HA's organizational structure. Masterson responded to questions regarding CHDO's. Ms. Hackett moved, seconded by Mr. Schallert to approve Resolution 582-10. Motion carried 5-0.
- 6.) Mr. Masterson presented Resolution 583-10. This resolution adopts a no smoking policy in conjunction with River Cities Redevelopment LLC's purchase of Foxview Manor Apartments and Riverside Apartments. Masterson reviewed the resolution and the following changes were made. In paragraph three, line two, "Marian Manor" should be removed. After some discussion, it was agreed to amend paragraph seven to read "NOW, THEREFORE BE IT RESOLVED, that, **except in a designated facility**, a new policy prohibiting . . ." Ms. Keller moved, seconded by Mr. Schallert to approve Resolution 583-10. Motion carried 5-0.

7.) **Discussion – Affordable Housing News**

Mr. Masterson responded to questions regarding Housing Authority activities in other communities that don't have an official Housing Authority. Continuing on, Masterson stated that the administration's PETRA proposal was funded at \$0.00. A pamphlet from PHADA was just received today on SHARP which is a push for deregulation for small housing authorities.

Ms. van Houwelingen reported that the Housing Authority staff has signed up to participate in the Dragon Boat Races in September. The races are a fundraiser for the YMCA and the UW-O scholarship fund.

Chairman Norton requested that as of January 2011, the WCHA Board meeting be moved from Tuesday to Wednesday due to scheduling conflicts.

Ms. van Houwelingen stated that a tour of Riverside Apartments will be scheduled after the first units are done so the Commissioners can see an old unit and a newly remodeled unit for comparison.

- 8.) There being no further business at this time, Chairman Norton called for a motion to adjourn. Mr. Schallert moved, seconded by Ms. Keller to adjourn the meeting. Motion carried 5-0. The meeting was adjourned at 5:07 p.m.

Respectfully submitted,

BRAD J. MASTERSON
Executive Director
Winnebago County Housing Authority

APPROVED