

Chairman Norton opened the Public Hearing at 3:00 p.m. and invited comments and discussion. Chairman Norton called twice more for public input without a response. Chairman Norton declared the Public Hearing closed at 3:02PM.

WINNEBAGO COUNTY HOUSING AUTHORITY MINUTES

Tuesday, March 31, 2009

Marian Manor, 3:00 P.M.

COMMISSIONERS PRESENT: Mike Norton, Chairman
Patty Maehl, Vice Chairman
Rebecca Hackett
Karen Keller
Larry Schuster

STAFF PRESENT: Brad Masterson, Executive Director
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 joint board meeting held on February 23, 2009. There being no questions or corrections, Ms. Maehl moved, seconded by Ms. Keller, to approve the minutes of the February 23, 2009 meeting. Motion carried 5-0.

3.) **Finance**

a.) Accounts Payable:

Chairman Norton inquired if there were any questions pertaining to the accounts payable report from February that had been included in the packet. Mr. Masterson explained that the entry for Everyday Technology was for our subscription for the spam filter for the computers. Donald Sosnoski, a previous employee of the Housing Authority (HA) who retired, picks up and delivers the vending order supplies which are purchased from Sam's Club. Checks made out to Don are to pay him for this service. Mr. Masterson explained that Suby Von Haden & Associates were the tax credit experts that the HA is working with.

b.) New Checking Account and Check Execution:

Mr. Masterson explained that per previous discussions regarding internal controls, separation of duties is a problem due to the small size of the accounting department. Because Marian Manor Redevelopment LLC is a for-profit entity separate from the HA's other non-profit programs, the auditors believe that those funds should not be commingled with the rest of the public housing funds. Therefore, Marian Manor's money market account will soon be converted into a checking account so Marian Manor's bills can be paid directly out of that account. This was not a "finding" on the audit, just a recommendation of the auditors. This topic will come up again on the agenda as River Cities LLC will be in the same boat. The Marian Manor checks will be signed by Mr. Masterson or Ms. van Houwelingen due to issues with the automatic check signing machine.

4.) **Report of the Executive Director**

a.) Old Business

Mr. Masterson explained that regarding Stop Loss, the HA was deemed compliant for year two, but not for year one. The appeal request sent for year one has not been reviewed yet. Furnace repairs are needed in the Old Menasha forty units and in the newer units built in the early 1990's. The older conventional furnaces are approximately 26 years old. The newer high efficiency furnaces are 15-17 years old and are also starting to fail. There have been both heat exchanger and blower problems. Gartman and maintenance staff are trying to keep them running until they can all be replaced in the renovation of those units. Mr. Masterson answered questions about available stimulus monies.

b.) Public Housing

i. Annual Plan Update and Capital Fund Budgets

Mr. Masterson explained that all that needs to be submitted this year is an update of the changes to the Annual Plan because the HA's total vouchers and units is under 550. Next year will be the start of a new five year plan. Mr. Masterson referenced the Annual Plan Review sheet that was distributed at the start of the meeting. This review outlines the intended projects of both the OHA and WCHA and was presented as such to the residents and at community meetings. The WCHA plan changes address the Neighborhood Stabilization Program (NSP) money for the collaboration with the cities of Oshkosh, Neenah and Menasha (seeking almost \$3 million), the tax credit preservation of Foxview and Riverside Apartments (\$4 million budget), renovation of the older Menasha 40 duplexes (about \$40,000 per unit), the Family Self Sufficiency implementation with escrow accounts, possible changes in rent calculation method and possible foreclosure counseling and rehabbed home seller.

Mr. Masterson stated that the stimulus money is meant for shovel ready projects. The HA will be getting approximately \$183,000 of Capital Fund money in addition to the annual allocation of about \$150,000 due to the stimulus money. The additional \$183,000 must be obligated within a year and spent within three years. This year's Capital fund allocations, along with monies from previous allocations that were banked, will give the HA approximately \$1.5 million. Given that the cost of labor and materials have gone down, the \$1.5 million should come close to allowing all 40 units to be renovated. The exterior work such as driveways, porches, new roofs and exterior lighting, will be bid out to private contractors and the HA's force account (FAST) team will do the interior work such as new flooring and cabinets, etc. The change in the annual plan is only to the quantity of units that will be rehabbed, not what work will be done. The Sawyer Street property renovations are now complete except for hanging the blinds. A handicap unit in Menasha will start being renovated soon. Money still needs to be set aside to address window issues in the newer family units as well as possible whole house air conditioning.

c.) Assisted Housing

When asked if the HA is in any way competing with other tax credit projects in the area, Mr. Masterson explained that WHEDA is primarily a bank that is interested in providing housing for low-income people. WHEDA is the conduit for the tax credit funding. Congress tells the IRS that they can give states credit based on a per capita basis for the issuance of tax credits at whatever price. Then WHEDA gets the funding authorization from the state. WHEDA writes up a Qualified Allocation Plan (QAP) that tells the feds how they will issue the tax credits through a statewide competition. That QAP then tells potential developers what the rules are. Two of the rules have changed this year. The \$7.5 million ceiling for a project came off and then,

because the 2008 floods resulted in federal disaster status, Winnebago County applicants are entitled to a 30% bump in tax credits. The HA applied for tax credits under the Preservation set aside fund which sets aside some of the money to preserve subsidized housing. There are only a few other applicants applying under the Preservation set aside, so, the HA isn't competing on the open market with the rest of the applicants. Most of the clients that have turned to the HA need help to pay their rent. They can't afford to compete in the market place. HA clients are paying 30% of their income for rent. Those moving into housing tax credit projects are paying whatever the rent is. The rent for the affordable tax credit units is frozen at 30% of county median income (CMI), but unless the tenant has an income that is at least 30% of CMI, the tenant will be paying more than 30% of their income toward their rent.

i. River Cities LLC Preservation for Foxview Manor & Riverside Apartments

Mr. Masterson stated that WHEDA came up two weeks ago and went through Court Tower, Foxview and Riverside. There were discussions regarding options for what could be done with each location, vacancies, common space, grounds, etc. Funds will not be awarded until after April 15, 2009. The HA is confident that its applications will be successful. The challenge will be finding investors who can afford to buy the credits. Looking long term, for investors in the highest tax bracket, there should be double-digit returns on their investments depending on which year you look at. The biggest question for investors is can the project be completed on time and can the HA fill the building? If the building can be filled within the first year, the investor is virtually off the hook and their returns are locked in for the next 14 years. The Tax Credit buyer will to a great extent influence when the project starts based on when the investor needs the tax deduction. Once the HA gets the tax credits, there will be a lag before the marketability of the credits is known. When asked if subsidized housing could go away due to the economic situation, Mr. Masterson explained that subsidized housing is not an entitlement and therefore is subject to tax revenues, but need and existing contracts make it unlikely that subsidies would evaporate.

d.) Housing Vouchers

Mr. Masterson reported that Senator Feingold was able to get an amendment passed in the Senate for new money for new general purpose vouchers in the 2010 budget they are currently working on. It is unknown if there will be enough support in the House to get the amendment through. The local Voucher program is still over issued. The HA has 413 vouchers. Though clients are not dropping out of the program as fast as they do in a better economy, the numbers should average out okay by the end of the year.

e.) Commercial Leasing: Potential Redevelopment Partnership in Neenah:

Mr. Masterson reported that the City of Neenah has inquired if the HA would be interested in developing some property the city has in the downtown area on Main Street. The old Glatfelter Mill building was taken down and the city is looking to redevelop the area. It would be possible to build a tax credit property on the site and has possibilities. There are four tax credit application periods this year. So, the City of Neenah was informed that the HA would think about it because tax credits for this project could be applied for later this year. Based on the size of the site and the available parking, filling the building after it has been completed shouldn't be a problem. A market and environmental study would need to be done before committing to the project.

- 5.) Mr. Masterson presented Resolution 549-09. This resolution approves the Annual PHA Plan and Civil Rights Certification and the Capital Fund Budgets. After some discussion, Mr. Schuster moved, seconded by Ms. Maehl to approve Resolution 549-09. Motion carried 5-0.

- 6.) Mr. Masterson presented Resolution 550-09. This resolution authorizes the contract for architectural and engineering service totaling less than \$10,000, excluding routine reimbursements, with SchultzWerk Architecture, Inc. After some discussion, Mr. Schuster moved, seconded by Ms. Keller to approve Resolution 550-09. Motion carried 5-0
- 7.) Mr. Masterson presented Resolution 551-09. This resolution authorizes the Operating Agreement with River Cities Redevelopment, LLC. After some discussion, Mr. Schuster moved, seconded by Ms. Hackett to approve Resolution 551-09. Motion carried 5-0.
- 8.) Mr. Masterson requested that Resolution 552-09 be removed from the agenda at this time as this subject will not need board action.
- 9.) **Discussion**
- a.) Neighborhood Stabilization Program (NSP) Regional Allocation Meeting**
Mr. Masterson explained that more than two times the money was requested than was awarded for the region the HA was assigned in. The budgets included in the application that was submitted for the Cities of Oshkosh, Neenah and Menasha and the HA will need to be deconstructed to determine how much money each line item on the application will get. The award received for the application was \$1.146 million. This money is to be used exclusively for buying foreclosure properties. If the NSP money isn't scheduled for obligated by September 2009 the state will starting looking at recouping the funds and reallocating.
- b.) Masonic Temple Update**
Mr. Masterson reported that Gartman Mechanical said the heating plan is penciled out, but parking issues still need to be addressed with the City of Oshkosh. A lawyer will be needed to prepare the necessary paperwork to get the deal done. Chairman Norton made a motion, seconded by Ms. Keller, to give the Executive Director authority to engage a lawyer to get the deal done as soon as possible. When asked about the future use of the HA office space at Marian Manor after staff moves to the temple, Mr. Masterson explained that the intention was to turn the space into an assisted living facility presumably an eight bed CBRF that could be run by an independent agency.
- 10.) There being no further business or discussion, Chairman Norton called for a motion to adjourn. Ms. Keller moved, seconded by Ms. Maehl to adjourn the meeting. Motion carried 5-0. The Meeting adjourned at 4:27 p.m.

Respectfully submitted,

BRAD J. MASTERSON
Executive Director
Winnebago County Housing Authority

APPROVED