

WINNEBAGO COUNTY HOUSING AUTHORITY MINUTES

Tuesday, June 23, 2009

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, Business Manager
 Kim Lynch, Executive Assistant

OTHERS PRESENT: None

- 1.) Chairman Norton called the meeting to order at 3:05 p.m.

Chairman Norton announced that it was time for the annual election of officers for the Board of Commissioners of the Winnebago County Housing Authority. According to the By-laws, Mr. Masterson will remain as Secretary for the Board. Vice Chairman Maehl moved, seconded by Ms. Keller, to nominate Mike Norton for the position of Chairman. Mr. Masterson called three times for any other nominations for Chairman. There being no other nominations for the position of Chairman, Mr. Masterson called for the vote. Motion carried 5-0. Chairman Norton called for nominations for Vice Chairman. Ms. Hackett then nominated Ms. Maehl for the position of Vice Chairman. There were two additional calls for any other nominations. There being no other nominations for the position of Vice Chairman, Chairman Norton called for a motion to elect Ms. Maehl as Vice Chairman. Mr. Schallert moved, seconded by Ms. Hackett to elect Ms. Maehl as Vice Chairman of the Winnebago County Housing Authority Board. Motion carried 5-0.

As Mr. Schallert was recently appointed to the Board, Board members and staff took a moment to introduce themselves.

- 2.) Chairman Norton directed the Commissioners to review the minutes of the regularly scheduled board meeting held on May 19, 2009. There being no questions or corrections, Ms. Keller moved, seconded by Ms. Maehl, to approve the minutes of the May 19, 2009 meeting. Motion carried 5-0.

- 3.) **Finance**

- a.) **Accounts Payable**

Chairman Norton inquired if there were any questions pertaining to the May accounts payable report that had been included in the packet. Mr. Masterson and Ms. van Houwelingen explained the report's context for the benefit of the new board member. Ms. van Houwelingen explained that the payment to Otis Elevator Company in the amount of \$8,424.16 was for the maintenance contract for the elevators. Mr. Masterson called the Board's attention to the payment to WHEDA in the amount of \$32,473.00 which is the payment for River Cities LLC to reserve the tax credits.

- b.) **Financial Summary – 3rd Quarter**

Ms. van Houwelingen explained the 3rd quarter Financial Report summary sheet. The Net Operating Inc/Loss Before Depreciation line is the clearest glimpse of how each program is doing. The Capital Funds and Home Program columns have a negative balance at the time

because payments were made out of those accounts and the money has not been drawn down from the Division of Housing or HUD accounts yet. In the Local Funds column, the \$2,404.89 Administration expense is being looked into because there really isn't any income coming in there any more. Mr. Masterson explained that the other negative balance is in the Housing Choice Voucher program and will be discussed in more depth later in the meeting. It is more of a cash flow issue where the program has been over full in the first half of the year. So, the program is drawing more than it is collecting. The reserves are being drawn down to cover the expenses. Ms. van Houwelingen explained that she will also be looking at Summit & Greenfield to see if there is a need to increase the rent amounts for those group homes. Chairman Norton asked about getting an Occupancy Report for the July meeting. This helps to get a better handle on the overall picture. Ms. van Houwelingen explained that the numbers will be skewed in several projects though because of rehab work being done. Ms. van Houwelingen also explained that the Housing Authority is a mix of cash and accrual basis accounting.

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

a.) **Old Business**

i. **Central Office Relocation**

Mr. Masterson reported that the Authority has not given up on moving to the Masonic Temple, but it will be a difficult stretch. The quotes for the exterior masonry and the heating and ventilation systems came in much higher than anticipated. An engineer went through the building as well and wanted \$60,000 to film the pipes and draw up existing electrical and plumbing and that didn't include any renovations. Such an extensive survey was determined to be excessive recognizing that some deficiencies won't be detected until work moves forward. The engineer was advised that modest improvements to plumbing and electrical may be pursued, but any work would be confined to the spaces needed to support office use. Focus on Energy was contacted to see if they could help with the building. Facing over \$400,000 for HVAC for the basement and main floor half is getting out of reach. If Focus can provide a decent incentive, that may be enough to move ahead. Focus has agreed to come and look at the building, but Masterson is concerned that they will want the entire building done as opposed to doing it in phases as planned. In the mean time, the vacated St. Vincent de Paul property on the corner of Bowen and Harrison was looked at. The property has potential for a maintenance shop, offices and ample parking. The Authority also contacted Winnebago County regarding the Oshkosh B'Gosh building and other properties.

Ms van Houwelingen stated that she would like to see enough space to allow for inventory storage where the maintenance staff could come, fill out a requisition form and be issued the supplies that they need to complete a job. There is no time crunch to move, but there are many reasons to move.

ii. **Neighborhood Preservation Program Revisions & Contracts**

Mr. Masterson reported that confirmation has been received that the HA has been awarded NSP funds in the amount of \$1.2 million that will be split between the Housing Authority and the cities of Oshkosh, Neenah and Menasha. The Authority is still waiting to receive contracts. This money can only be used to buy foreclosed on properties. There was training recently in Stevens Point regarding how this effort will be implemented. Oshkosh, Neenah and Menasha will be demolishing some properties and turn those lots over to Habitat for Humanity to build new homes on. Oshkosh will also be running a renovation program for homes much like the one they run now. The HA will be advertising within the next few weeks for a realtor and an appraiser willing to

work at a reduced fee with the HA on the project. The City's list of approved contractors will probably be used to start lining up contractors as well as any others that are deemed acceptable. The good news is Congress has provided regulatory relief on two items regarding how NSP money is to be spent. Originally the properties acquired had to be discounted a minimum of 15% below the appraised value. That has now been reduced to 1%. Also, after June 30, 2013, any re-payments of money made from sales of properties that are left over from the grant do not have to be paid back to the federal government. The Housing Authority should be able to keep that money and use it for other affordable housing projects. The Bureau of Housing will start doing audits in September 2009 for this program. So, the Authority needs to get some work done in this program soon.

b.) Public Housing

i. Menasha Forty Family Renovations

Mr. Masterson reported that the architect was asked to go back and revise some of the drawings to accommodate garages without eating up yard space. One idea would be to bring the garages from the back part of the lot up toward the front as attached garages. This would make the back yards more private and would reduce the length of the driveway that would be needed which makes a smaller area that would need to be maintained. The disappointing news is that the architect called the Authority's construction foreman today and asked him to go up to Menasha and draw plans of the units that were going to be renovated first so the architect could get the plans drawn up. The interior of these units was demolished about a month and a half ago and are sitting waiting so as to not get too far ahead of code approval. These initial plans were supposed to have been done weeks ago and the revisions were put off by the architect. The existing design does not match the original construction drawings.

ii. Application for CFRC Funds for Split Level Heat Pumps & Windows

Mr. Masterson reported that the Authority received its annual Capital Fund grant as well as the extra stimulus grant which was 130% of our regular grant. So, the Authority received roughly \$400,000 in 2009 funds. HUD has also set aside \$995 million nationally for competition only for public housing. The Authority can send in an application for every development under four different categories. An application in the "green" category to replace aging furnaces and windows is contemplated. New heat pumps could heat and cool eliminating the window air conditioners. A comprehensive green application could bloom to nearly \$2 million, but would likely need Local Fund leverage to be successful. The first round applications are due by July 6, 2009. Cost estimates and a construction schedule will be needed for the application. Between both Housing Authorities, four to six applications will probably be submitted in multiple categories. Each application will need to be ranked as to priority because HUD will fund at most one application per development. HUD just changed the rules for applying for competitive money, making WCHA chances better, but other agencies have had weeks to develop their plans and the deadlines weren't extended.

c.) Assisted Housing

i. River Cities LLC

▪ **Tax Credits Reserved, Investor Courted, Plans Being Refined**

Mr. Masterson reported that the \$32,473.00 was sent in to preserve the tax credit allocation. An investor with significant interest in the River Cities Redevelopment, LLC project has been identified. They have moved the Authority's project up on their list. They have been actively pursuing investors to a new fund and are expected to commit to the project in the next week to ten days. Once the Authority has received a written

commitment, another \$17,000 will need to be sent to WHEDA along with a commitment letter from the investor saying they will be buying these tax credits contingent upon due diligence.

- Application for HOME Loan

Mr. Masterson further explained that the Authority has also submitted an application to the state for HOME funds. These are federal funds that are controlled by the state. The application was for \$500,000. The money will come as a forgivable loan which will eventually become a grant after 10 years if the compliance is maintained and the property stays affordable housing.

- Researching Documentation for Elderly Only Designation

Mr. Masterson reported that HUD found a letter from 1992 indicating that Foxview and Riverside were designated as "Elderly" buildings. This goes back to the period when HUD changed the definition of elderly to include disabled persons of any age. When the River Cities LLC project was first presented to WHEDA for tax credits, it was presented with the elderly-only designation. There would be a total of approximately 12 tenants who are disabled and non-elderly between the two buildings that will be dislocated under this project, but they could be issued vouchers as among options to meet regulatory responsibilities. HUD now wants the Authority to prove that the occupancy at buildings back at the time of the designation was 100% elderly persons. The Authority's computer data only goes back to 1995. So, the rent rolls from before 1995, which are in storage at Mainview, will need to be gone through to gather the necessary data.

d.) Housing Vouchers

i. HUD Funding Appeal, Milwaukee Field Office and FMC Assessment and National Survey of Impact

Mr. Masterson reviewed with the Board the ongoing frustration with the Voucher Program regarding not knowing what the budget awards will be until many months into the budget year. This precipitates a problematic cycle of being over issued in vouchers, then under issued. HUD has now announced what our budget amount will be for calendar year 2009. The federal fiscal year, which was October 2007 through September 2008, is the funding window that was used to determine the Authority's budget. This hurt the agency because the HA was winding down in 2007 and slow to lease-up in 2008. HUD also provides an alternative method in which the December 2008 numbers could be extrapolated to produce annual Budget Authority. The Authority did very well with that formula in an appeal a few years ago. The Authority has sent in an appeal choosing that option again, but has not yet received a response. That method yields \$100,000 more than HUD currently states. HUD is also saying that because the Authority was under 96% leased in the program, the Authority will get an 8% cut in our budget and because we are in that group, the Authority will only be able to keep two weeks in reserves. An analyst at the Milwaukee field office responded to an e-mail stating that we should plan for the worst case scenario, that the Authority will not even get the money that it appears we are eligible for because HUD may not have enough to go around. Masterson responded that if WCHA acted on the worst-case advice, a letter would have to be sent out to all voucher holders and landlords stating that as of September 30, their contracts were being canceled due to insufficient funds. Milwaukee responded right away saying not to send out any letters until a "triage" call with HUD HQ, the Milwaukee Field Office, the S/8 Financial Management Division and WCHA had explored all options. Ms. van Houwelingen is trying to work through the discrepancies in PIC and VMS with our financial analyst and accounting people. NAHRO and the Center for Budget, Policy and Program, are now involved and investigating this issue nationwide. Ms. van Houwelingen explained that the Authority

does have money in Net Restricted Assets (NRA), but she worked with the HUD Milwaukee finance person and they were unable to figure out where HUD is getting their numbers from as nothing is matching up. The Authority was getting \$125,000 a month from HUD. Now it will be getting \$47,000 per month for the next four months and then starting October 1st, we will get \$75,000 per month. The Authority is then expected to use its reserve money to make up the difference, but the Authority will run out of reserve money before October 1st. A minimum of \$105,000 to \$110,000 a month is needed to cover the subsidy payments to landlords. Ms. van Houwelingen suspects some of these problems stem from the merger of the two voucher programs last year. Mr. Masterson responded to a question from one of the commissioners stating that it is certainly one of the jobs of the Commissioners to write elected officials and express concern over this issue. Senator Feingold did present a bill this year with some cosponsors to issue Fair Share Vouchers to expand the voucher program which hasn't been offered for 14 years. Prior to the Clinton administration, Fair Share Vouchers expanding opportunities were offered nearly every year.

Mr. Masterson distributed a copy of an article from the Housing Partnership of the Fox Cities Newsletter regarding the Tenant Based Rental Assistance (TBRA) Program. When TBRA is mixed with other transitional and homeless programs it produces substantially improved outcomes for maintaining permanent housing. When a person leaves a homeless shelter, they are issued a TBRA voucher to live in a transitional housing site while they are learning to be a good tenant. Graduates of approved transitional housing programs supported by TBRA funds get a preference and automatically go to the top of the local HA waiting lists. Because of the improved outcomes, private foundations are willing to give grants to help fund additional transitional housing.

5.) Mr. Masterson presented Resolution 557-09. This resolution authorizes Housing Authority officials to award a contract for renovation building materials to the lowest responsible bidder from the bids submitted. Mr. Masterson explained the accompanying Competing Vendor bid tab. Ms. Hackett moved, seconded by Ms. Maehl to approve Resolution 557-09. Motion carried 5-0.

6.) **Discussion**

a.) Legislative Update – Petri’s Conference / Safe Act / WI Property Tax Exemption

Mr. Masterson reported Chairman Norton and Chairman Benedict were among the approximately 200 people who attended Congressman Petri’s conference. The Public Housing panel that Mr. Masterson led was the second highest rated presentation, though lightly attended.

Regarding the Safe Act, the new constraints on fair lending which will prohibit finance companies, as well as the Housing Authority’s Home Buyer program, from writing mortgages, goes into effect January 01, 2010. Letters have gone out to Senators Feingold and Kohl as well as Rep. Hintz requesting their help in providing some relief by exempting government agencies from this rule. Without relief from this rule, agencies and governments wouldn’t be able to spend their HOME money because they would be precluded from writing mortgages.

Tax exemption is also an issue that has gone around a few times. Approximately 6 years ago, there was a State Supreme Court case, the Columbus Park decision, where essentially it was concluded that a Racine property development was not eligible to be tax exempt because of Wisconsin’s equal taxation laws. That decision put at risk many non-profit housing, especially those serving low income or very low income people. There has been an attempt by some assessors at the state, county and city levels to start charging taxes to places owned by non-profits. The Columbus Park decision stated that the rental income could only be used for

maintenance and improvements and administrative staff could not be paid out of that income or take profits from it. The Supreme Court of Wisconsin last year affirmed a strict interpretation of that provision now requiring legislative relief. The Senate and Assembly couldn't agree on terms of the matter is now subject to budget reconciliation.

b.) Flex Time Employee Scheduling

Mr. Masterson reported that the Oshkosh Board concluded yesterday that the issue of flex time scheduling was a management decision. If management wanted to institute a flexible schedule for employees and the same office hours were kept and covered, the Oshkosh Board had no problem with it. A survey went out at the last staff meeting to determine interest and preferences. Management then came up with guidelines for flex scheduling.

c.) Clarity Care – Employer Assisted Home Ownership Update / Rental Challenge

Mr. Masterson reported that two employer assisted home buyer deals have already been done where a Clarity Care employee is not only getting assistance from the Housing Authority, but is also getting cash at closing from Clarity Care. Clarity Care has committed to doing five of these deals. Two are done and there are two more accepted offers with more pending.

Mr. Masterson also explained that Clarity Care owns 32 units that serve developmentally disabled persons that they would prefer not to own anymore. They own four 8-plexes, two of which are in Menasha and two in Oshkosh, all with two bedrooms. It has become increasingly difficult to find roommates for the clients they have. Clarity Care would like the Housing Authority to build some new one-bedroom units which they would buy and then the Housing Authority would turn around and use that money to buy the two-bedroom 8-plexes. The Authority is trying to determine if and how the deal could be worked out.

d.) Commissioners Orientation, Workshop & Tour

Mr. Masterson stated that he is still working on getting a half day commissioner orientation workshop and tour scheduled for the two new commissioners which will include a couple of hours of video on asset management for commissioners. One of the other commissioners from the Oshkosh Board indicated that they would also like to attend the training. A few more weeks will be needed to arrange the workshop.

- 7.) There being no further business or discussion, 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 adjourned at 5:08 p.m.

Respectfully submitted,

BRAD J. MASTERSON
Executive Director
Winnebago County Housing Authority

APPROVED