

WINNEBAGO COUNTY HOUSING AUTHORITY MINUTES

Tuesday, January 31, 2012

Marian Manor, 3:00 P.M.

COMMISSIONERS PRESENT: Mike Norton, Chairman
Rebecca Hackett, Vice Chairman
Scott Waterworth
Richard Schallert (Arrived during meeting)

STAFF PRESENT: Brad Masterson, Executive Director
Su van Houwelingen, Deputy Director
Lee Franzen, Operations Manager
Kim Lynch, Executive Assistant

OTHERS PRESENT: None

- 1.) Chairman Norton called the meeting to order at 3:09 p.m.
- 2.) Chairman Norton directed the Commissioners to review the minutes of the regularly scheduled Board Meeting held on December 13, 2011. There being no questions or comments, Ms. Hackett moved, seconded by Mr. Waterworth, to approve the minutes of the December 13, 2011 meeting. Motion carried 3-0.

3.) **Finance –**

a.) Accounts Payable

Chairman Norton inquired if there were any questions pertaining to the December accounts payable report. Ms. van Houwelingen explained that the report covers three checking accounts. The first page shows payments for Marian Manor LLC (MM) with a total on the bottom of the page for that account. The next pages reflect payments for all other programs that are not LLC's with a total for that account. The last page shows payments for River Cities LLC (RCR) with a total for that account as well as a total for all accounts. The three checks made out to a person and Assurance Title is for the Homebuyer Program. The homebuyer is receiving money from three different sources, HOME, HCRI and CDBG. To help keep the paperwork straight, three separate checks were cut. The large payment to Wisconsin Housing & Economic Development was for a tax credit reservation fee. The \$64,702.45 check to Gartman Mechanical is for work being completed on the MV Rehab project. The check to TECC Security Systems is for the new cameras and equipment at Foxview and Riverside.

b.) Audit Correspondence

Ms. van Houwelingen reviewed the letter from Kerber, Rose & Associates notifying the commissioners that the accountants will be coming to perform the December 31, 2011 year end audits. This will be an 18-month audit. Ms. van Houwelingen will be sending the unaudited year end financials in to HUD and the auditors by the end of February. The Public Housing audits are not due until nine months after year end.

c.) Budget Clarifications

There being no further question or clarifications regarding the budgets presented at the last meeting, Masterson proceeded to the Executive Director's Report.

4.) Report of the Executive Director**a.) Assisted Housing****i. River Cities Redevelopment****▪ Year End Procurement**

Mr. Masterson reported that railings for the first floor patios were purchased as well as furniture for the common areas and the offices. Foxview has a new Community Room kitchen. With the final investments to finish the properties WCHA is entitled to the full developer fee and Stratford Capital can claim their full tax credits.

▪ Garage Planning

Mr. Masterson presented pictures of the Omro City Garage and a drawing of the proposed renovations to create parking and storage space for Foxview Manor residents. Plans call for tearing off the new addition on the building currently used by the Omro Police Department. Renovations may allow 33 parking spaces as well as some storage lockers. The City of Omro will continue to maintain the well inside the building. WCHA has been invited to meet with the City Council in a workshop session to present the plans. The City of Omro is proposing closing that end of Main Street to through traffic, perhaps creating a cul-de-sac west of the bridge. Removing traffic will create a safer environment for tenants walking between the apartment building and the parking garage and allow one-way traffic flow into and out of the garage. The City will be meeting with the Main Street Program regarding a design for that west end of Main Street and transitioning into Stearns Park.

Masterson distributed a drawing of Riverside Apartments showing a proposed "Bump out" on the corner of N. 1st Street and Prospect Street to aid in the proposed egress for the garages. The garage and drainage plans were reviewed.

▪ Year One Lease-up & Cash Flow

Mr. Masterson explained that the apartments at Riverside were not leased as quickly as anticipated resulting in a \$73,000 shortfall in expected rents collected. The HA estimates it will owe \$41,000 back to Stratford Capital which is just under 10% of the HA's Developer fee. This amount will just be deducted from the Developer fee paid to the HA. The first payment on the loan from Winnebago County for the River Cities project is due in March 2012. This loan is paid once a year. Due to the shortfall in anticipated rents, River Cities will be short less than \$40,000 for the loan payment. A Resolution will be presented later in the meeting approving the transfer of \$40,000 from the WCHA Local Funds to cover the loan payment.

b.) Housing Choice Voucher Program

Ms. van Houwelingen and Masterson explained that HUD is now taking back the excess HAP payments, Net Restricted Assets (NRA), from housing authorities. This is money not used in a month because not all of the authorized vouchers were in use, or the HAP costs of the voucher units leased was less than the HUD allocation. A Housing Authority could use the money in subsequent months if they were over leased to make up for the previous months of being under leased in the program. HUD wants this unused money in their bank account and not in the Housing Authority's account. The WCHA will be required to use the money in its NRA account to pay HAP payments to landlords before HUD will send any additional money to the HA. The money in the NRA account gave the HA some flexibility when paying landlords. That flexibility will be reduced as well as create more paperwork, time and effort to get the extra money when needed to cover HAP payments. The Voucher program had a 98.6% utilization rate for the last year. Questions regarding Port-Ins and Port-Outs were addressed.

c.) Home/NSP/HCRI Updates

Masterson reported that the HA now has its NAID number from HUD and can submit offers to purchase on HUD financed houses that have gone into foreclosure.

d.) Agency Office Relocation Prospects

Masterson reported that the WCHA approached the State about using NSP money to acquire property for rental housing. Due to renovations, 56 units will be lost at Court Tower and another 8 units at Mainview. Pictures were presented of a site that could potentially be purchased using NSP and LIHTC (tax credit) funds and used to build the replacement units lost in the Mainview and Court Tower rehab projects as well as house the agency central offices. All of the replacement units created would be designated for disabled people and the tax credit application will compete in a set-aside for Special Needs housing promising specific service delivery to residents. .

The only apparent hazards at this time are the Transite panels on the windows that contain asbestos. But the hazardous fibers are not friable, so removal would be simple and disposal relatively affordable. Masterson continued on to explain potential plans for the site. The majority of the buildings have fairly new roofs on them. There would be plenty of room to house agency maintenance and create storage space for tenants as well. The building that would be converted into replacement units would provide for twelve foot ceiling heights on the first floor and fourteen foot ceilings in the middle section of the second floor. There will be an elevator in the building and garage spaces would be available to all tenants. The building will need serious exterior restoration. The proposed name for the site is Lenox Lofts. The OHA Board passed a resolutions yesterday allowing Masterson to proceed with the project.

Masterson also reviewed the issues connected to the Authority's application for tax credits of Phase 2 to finish the second half of Court Tower. That application includes a proposed Residential Care Apartment Complex (RCAC) for half the units (26) and yields 18 additional points vastly improving the chance to actually win a credit allocation. The RCAC requirements, a partnership with Clarity Care for service delivery and program design were discussed.

5.) Resolution 600-12: Approve Execution of Amendment One to HOME Contract #HHR10.23

This resolution approves the execution of Amendment One to the HOME Contract #HHR 10.23 for the Home Buyer Program. Masterson reviewed the reduced funding due to insufficient Congressional federal funding of the HOME program. There being no questions, Ms. Hackett moved, seconded by Mr. Waterworth, to approve Resolution 600-12. Motion carried 4-0.

6.) Resolution 601-12: Approve Donation from WCHA Local Funds to River Cities LLC for Debt Service Payment

This resolution approves the transfer of \$40,000 from the WCHA Local Funds to River Cities LLC to complete the debt service payment to Winnebago County. Masterson reviewed River Cities LLC's current cash flow issue. Ms. van Houwelingen explained the transfer of funds will go on the books as a debt owed to the WCHA from River Cities, which can be recovered if and when reserves permit. There being no additional questions, Ms. Hackett moved, seconded by Mr. Schallert, to approve Resolution 601-12. Motion carried 4-0.

7.) Discussion: Local Commissioner Training by Milwaukee HUD Staff

Ms. van Houwelingen summarized some information learned at a recent HUD training. There will be more changes to the way PHAS is scored. Points scored on PHAS indicate if the HA is a High Performer, Standard Performer or Poor Performer. Occupancy will be looked at very stringently. If the occupancy rate for a property drops below 94%, HUD will be calling to ask why and what the HA's plan is to resolve the issue. HUD wants to get training started as soon

as possible for Commissioners regarding their responsibilities in these changes. A new program called Public Housing Agency Recovery and Sustainability Initiative, PHARS, is being rolled out. Ms. van Houwelingen volunteered to work with Jim Lincoln in planning the training for commissioners locally, District 3. Changes include a lot more HUD oversight. The Management Assessment Sub System, MASS, as it is now will be phased out. HUD will now just be taking the information off of the financial data sheets that are submitted to REAC instead of an HA checking boxes on a form indicating what they are doing. The accounts receivable, accounts payable and the occupancy numbers will be used to score each Housing Authority property or amp. Each amp a housing authority has will be scored in four different areas; physical, financial, operation and capital fund. If an amp fails in one area, the amp is considered to have failed the whole thing. The score is not an average of all four areas. Baseline inspections will be done in the next few months. From then on, if scores indicate a high performer, HUD will only inspect every three years, Standard performers will be inspected every other year and poor performers will be inspected every year.

Due to a scheduling conflict, Chairman Norton requested the February's meeting be moved to February 21, 2012. Masterson stated he would have a schedule of Board Meetings for the remainder of the year ready for the next meeting.

Ms. Hackett was excused at this time to attend to another commitment.

8.) **Adjournment:**

There being no further business, Chairman Norton called for a motion to adjourn. Mr. Schallert moved, seconded by Mr. Waterworth to adjourn the meeting. Motion carried 3-0. The meeting was adjourned at 5:10 p.m.

Respectfully submitted,

BRAD J. MASTERSON
Executive Director
Winnebago County Housing Authority

APPROVED