

WINNEBAGO COUNTY HOUSING AUTHORITY MINUTES

Tuesday, March 26, 2013

Marian Manor

3:00 P.M.

COMMISSIONERS PRESENT: Mike Norton, Chairman
Tina Beahm
Rebecca Hackett
Scott Waterworth

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 3:05 p.m.
- 2.) Chairman Norton directed the Commissioners to review the minutes of the regularly scheduled Board Meeting held on December 18, 2012. There being no questions or comments, Mr. Waterworth moved, seconded by Ms. Beahm, to approve the minutes of the December 18, 2012 meeting. Motion carried 4-0.

3.) **Finance –**

a.) Accounts Payable

Chairman Norton inquired if there were any questions pertaining to the December, January or February accounts payable reports. Ms. van Houwelingen stated there was nothing out of the ordinary on any of the reports. The large check to Gartman Mechanical Services in the amount of \$98,730 in January is for renovation work being done at Mainview. Checks made out to individuals are for security deposit refunds and for reimbursement of relocation expenses to Court Tower residents. Masterson and van Houwelingen responded to various questions regarding the accounts payable. The payment to Wally Schmidt Excavating is for the Riverside garage contract.

b.) Year End Financial Statements for 2012

Ms. van Houwelingen reiterated that when looking at the balance sheet, it is important to note whether or not assets are greater than liabilities indicating the property can pay its debts. Even though the Central Office Cost Center (COCC) is technically under the Oshkosh Housing Authority, a lot of the Winnebago County Housing Authority's money goes into it. So, a copy of the COCC's year-end financials was included in the packets. As of the end of 2012 the COCC will now have debt because of the purchase of Lenox Lofts. As of December 31, 2012 the COCC had a positive net operating income of \$99,625.82 primarily because Cumberland Court paid back \$80,345.50 of the money that was loaned to Cumberland by the Oshkosh Local Fund. Management fees, bookkeeping fees and asset management are all the fees that come in from the properties. Asset management fees and bookkeeping fees are only paid by public housing programs. Multi-Family programs only pay management fees. CFP Fees are administrative fees the Authority can draw down from the Capital Fund Plan.

WCHA Public Housing which is the Scattered Site Family Units did not get operating fund money in 2012 resulting in a net operating loss of about \$41,000. The income from operating fund is usually about \$180,000. The WCHA CFP (Capital Fund money) is pretty much an in and out type of account. The Authority gets the grant money and draws it down as it is spent. The Winnebago County Local Funds has a positive operating income due to the River Cities closing and receipt of the Authority's developer fee. River Cities pays monthly into the Cash RCR Debt/WCHA account and then the Authority pays the County annually from the account for the loan from the County. Masterson pointed out that the Authority paid out just over \$1.35 million in Housing Assistance Payments (HAP) last year to area landlords. The Authority has a grant to fund the FSS Coordinator position and \$43,323 was paid out last year in FSS expenses. As of year-end, there is \$142,000 in net restricted assets for the voucher program. This money can only be used for HAP payments. In the future, at year-end HUD wants excess funds in this account sent back to them to be held in HUD's account. The Authority will still have access to it, but it will have to be requested and could take up to 30 days to get it.

The Summit/Greenfield Group Home budgets are very tight. The Authority is looking to WHEDA to possibly refinance the properties. The property will probably be about \$10,000 short on making the bond payment coming due. Rents may also need to be increased to ensure a net operating income. Silvercrest is doing ok and has a positive operating income. The interest rate for the loan on that property is only 4%.

Both Foxview and Riverside have net operating income before depreciation and amortization costs. Money has been put away for the cost of building the garages and is reflected in the Construction Cash – 9774 account under Cash Assets.

The NSP Program was federal stimulus money that was awarded. Foreclosed on properties were purchased and either renovated and sold to lower income buyers or the property donated to Habitat for Humanity. A total of 17 deals were done. Masterson explained that the purpose of the program was not to make a profit and the Authority did not lose any money. The Home Program money was fully expended by the end of the year. New Home Buyer money has not been awarded yet. Ms. Van Houwelingen and Masterson responded to questions regarding the financial statements, occupancy, waiting lists and programs.

c.) Depository Agreements – BMO Harris and Bank First National

Ms. van Houwelingen explained that HUD requires a signed General Depository Agreement where the Authority has accounts. With new accounts and a name change, new agreements are needed with Bank First National and BMO Harris Bank.

d.) Budgets – COCC, River Cities, Silvercrest & Summit/Greenfield

Ms. van Houwelingen reviewed the budgets and responded to questions. Both Foxview and Riverside are fully occupied and doing well. Summit/Greenfield will probably be refinanced. The budget that was prepared was based on numbers if the properties were not refinanced which indicates there would be an operating loss before depreciation of about \$12,108. Masterson responded to questions about the PILOT payments and the possible sale of the group homes. The budget indicates that Silvercrest will probably be short by only \$140 for 2013. The 2013 budget for audit expenses is quite a bit higher due to all the tax credit properties we now have. The COCC does show a \$43,191 loss, but the Developer fee that will be earned from the Tower Redevelopment deal is not yet reflected in the budget. Ms. Van Houwelingen reminded the commissioners that the 2011 budget was for an 18 month period.

4.) Report of the Executive Director**a.) Congressional Inaction Creates \$200,000 Deficit for 2013**

Before beginning the Report of the Executive Director, Masterson reported that Chairman Norton was recognized last evening for twenty years of service to the Oshkosh Transit System Board. Chairman Norton also provides public service to the Housing Authority Board, Advocap, the Human Services Board and the County Board.

Continuing on, Masterson referred to a copy of the letter sent to Executive Directors from HUD Assistant Secretary, Sandra Henriquez regarding the potential impact of sequestration on the Operating Fund Budget and suggested mitigation strategies. When all the cuts to the Authority's programs are totaled up, they add up to \$200,000 in cuts. Personnel accounts for about 45% of the budget. It will be difficult to make enough cuts to cover that shortfall without cutting personnel. Everything is being done that can be to cut expenses. The Authority will no longer be sending business reply envelopes out with applications and other correspondence. In the near future the Section 8 voucher program will require all landlords to participate in the ACH program to receive their HAP payments without mailing costs.

One of the maintenance people turned in his resignation and that position has not been filled. Another maintenance person was recently terminated. A resolution will be presented later in the meeting allowing Authority staff to use temporary regulatory relief that HUD is granting to streamline how rents are documented and calculated. The Senate's version of the continuing resolution was passed which is \$25 million better for public housing. Multi-Family housing (Marian Manor, Foxview, Riverside and Cumberland Court) has so far been spared from these cuts for at least six months. For the voucher program, HAP funds will be cut by about 8% and funding for the administration fee will drop to about 71%. Last year administrative fees were funded at about 88%. Some drastic changes will need to be made to streamline the voucher program. Masterson and van Houwelingen responded to questions regarding the voucher program.

A copy of a letter sent to HUD Assistant Secretary, Sandra Henriquez from Joseph Schiff of The Schiff Group Inc. was distributed. The House and Senate passed a continuing resolution last week. Joseph Schiff's letter expressed strong objection to allowing the shortfall created in 2012 funding to continue into 2013. The letter urges bold and immediate action to stop the hemorrhaging from the public and assisted housing efforts.

Electronically the Authority needs to be able to work smarter and handle less paper. Ms. van Houwelingen got a tablet to experiment with to see how it could make our work more efficient. Tablets could be used to do inspections and to scan documents instead of copying them. E-mails could be sent to landlords instead of mailed letters. There would be a one-time investment in equipment that would save substantial labor over the years. The Authority may be asking the board for permission to use some reserve money to help cover some of the funding shortfalls.

b.) Public Housing – Menasha Scattered Site Renovations

Before reporting on the Menasha Scattered Site Units, Masterson distributed a copy of a monthly PIC review report indicating a 100% record submission rate for the Section 8 Voucher Program. Masterson recognized Ms. Lynch for her efforts in maintaining high PIC submission rates for the voucher and public housing programs and PIC oversight.

Continuing on, Masterson stated that construction on the 6th Street units in Menasha has resumed. The rehab on the Menasha 40 units will not be complete until 2014 due to the work at Mainview.

Masterson wrote a letter to John Finger at the HUD Milwaukee office as well as the person from HUD who sent the original email on the Green Comprehensive Needs Assessment objecting to HUD requiring more time consuming work after having removed substantial amounts of funding. Masterson and Franzen sat in on a training session regarding the Green Comprehensive Needs Assessment. An audit sampling of all of the Authority's properties will need to be completed for this newly mandated HUD energy assessment. The sampling entails about 300 questions per property some of which are complicated mathematical analyses. The Authority is already making a substantial amount of energy improvements. With Mainview and Court Tower torn apart for renovations, the information that can be provided now provides nothing useful to forecast from in the future. The cost of preparing this energy assessment could be as much as \$30,000. At least the Authority will not need to comply until next summer.

c.) Housing Choice Voucher Program

Masterson stated that most of the Voucher Program issues were discussed earlier in the meeting. Options for dividing up the workload in a more efficient manner are still being explored.

Masterson noted that Siena, the transitional housing program for domestic abuse victims, will lose its manager and continued voucher program subsidies there may end.

Ms. Van Houwelingen reported the Authority is working with Legal Services regarding a WCHA client that was evicted through the court system.

d.) Assisted Housing

i. River Cities Redevelopment

▪ Riverside Garage Construction

Masterson stated things were moving along nicely. The slabs have been poured and the garage roofs have been started.

▪ Foxview Manor Garage Update

Masterson stated there hasn't been any real progress yet. The City of Omro wants to see the garage plan staked out over concern about sight lines.

e.) Regional CDBG & HOME Programs

Masterson reported not much is happening regarding the Regional CDBG. Brown County is the lead agency for this region. The regional plan has been drawn up and additional money has been received which is about double the original amount. About \$200,000 should be available for Winnebago County. The State notified everyone that HUD now requires a revision to the 2012 action plan which has a 60-day comment period. HUD will now review any comments that came in on the regional type plan and determine if they will approve it before anything further can happen.

The Authority received notification that grant announcements for the Home Buyer Program are imminent. As of this afternoon, notification of a grant awards has not been sent.

f.) Personnel Matters: Unemployment, Workmen's Compensation, Staffing Changes

Masterson stated that the Authority was notified that an unemployment claim was denied for an employee who resigned to take another job, but the job fell through. The employee has since filed an appeal with the assistance of an attorney. Another claim was also denied for a person who was recently terminated. An appeal claim was filed by an attorney for this claim as well.

The terminated employee has also filed a workman's comp claim stemming from an alleged injury that happened in January 2013. Ms. Van Houwelingen stated the Authority's current Worker's Compensation Insurance Company has sent notification that they will not be renewing the Authority's policy coverage due to a high number of claims. Mr. Franzen is working with the Housing Authority Insurance Group (HAIG) and other insurance companies to get quotes for new coverage. Masterson and van Houwelingen responded to questions regarding unemployment and worker's comp issues.

In an effort to be more streamlined and efficient, the Authority is looking at a software program that would allow people to apply online for housing as well as to check their status on the waiting lists without needing to speak with Authority staff. This software would free up almost one staffing position. Security issues with reporting information were reviewed.

5.) Resolution 618-13: Approve Contract Award Riverside Garage Work.

Masterson distributed and reviewed a Bid Tab for the Riverside Apartments garage work. The Bid Tab shows Brueser Construction to be the lowest responsible responsive bidder for framing, concrete aprons, parking pavement and curbs and Kowalski Roofing for shingling, siding, garage doors and openers. After questions were addressed, Ms. Hackett moved, seconded by Mr. Waterworth to approve Resolution 618-13. Motion carried 4-0.

6.) Resolution 619-13: Approve Revisions to Admissions & Continued Occupancy Plan (ACOP) & Voucher Administrative Plan to Incorporate HUD Administrative Relief.

Masterson and van Houwelingen presented Resolution 619-13 and explained that HUD is allowing for some relief from administrative burdens for public housing programs in determining rents. These temporary changes do not apply to the multi-family or tax credit programs. The diminished funding is not really affecting the multi-family programs yet, but it could in the future. After questions were addressed, Ms. Hackett moved, seconded by Mr. Waterworth to approve Resolution 619-13. Motion carried 4-0.

7.) Adjournment:

Before adjourning, Chairman Norton congratulated Ms. Hackett on her recent re-appointment to the WCHA Board for another five-year term. Masterson responded to questions regarding signing letters of support for housing issues from other industry groups such as the National Low Income Housing Coalition (NLIHC). It no longer appears that developing a CHDO Board will be helpful. The next WCHA Board meeting is set for April 23, 2013 at the Court Tower building. Renovations are far enough along that the commissioners will be able to see an un-renovated unit as well as an almost complete new unit. There being no further business, Chairman Norton called for a motion to adjourn. Mr. Waterworth moved, seconded by Ms. Hackett to adjourn the meeting. Motion carried 4-0. The meeting was adjourned at 5:15 p.m.

Respectfully submitted,

Brad Masterson
Executive Director
Winnebago County Housing Authority

APPROVED