

WINNEBAGO COUNTY HOUSING AUTHORITY MINUTES

Tuesday, September 18, 2012

Marian Manor

3:00 P.M.

COMMISSIONERS PRESENT: Mike Norton, Chairman
Rebecca Hackett
Richard Schallert
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 3:07 p.m.
- 2.) Chairman Norton directed the Commissioners to review the minutes of the regularly scheduled Board Meeting held on August 28, 2012. There being no questions or comments, Mr. Schallert moved, seconded by Ms. Hackett, to approve the minutes of the August 24, 2012 meeting. Motion carried 4-0.
- 3.) **Finance –**
 - a.) **Accounts Payable**

Chairman Norton inquired if there were any questions pertaining to the August accounts payable report. Masterson & van Houwelingen responded to various questions regarding the accounts payable. The payment to Kwik Trip in the amount of \$30 was a gift card used as a door prize at the Riverside summer picnic. The other payment to Kwik Trip in the amount of \$959.73 is a payment on the company credit account used to charge fuel for the Authority's vehicles. Fuel charges are allocated to the various programs based on which program made the purchase. The payments to Housing Authority Risk Retention and Housing Insurance Services Inc. are payments for property and liability insurance for the Winnebago County Family Units and Cumberland Court. Payment in the amount of \$1,631.83 to Red's Pizza was for catering services for the Marian Manor and Court Tower summer picnics.
 - b.) **Review of 2011 Independent Audit**

Ms. van Houwelingen stated the audits are in the process of being submitted to HUD. The audits show the two usual findings of the segregation of duties issue and no CPA on staff again this year. These findings are common for similarly sized agencies and not the type that would shed a negative light on the agency. There are no findings of non-compliance material to financial statements and no material weaknesses or significant deficiencies identified under Federal Awards. The Winnebago County Housing Authority does not qualify as a low-risk auditee due to the segregation of duties and CPA findings. Ms. van Houwelingen responded to questions regarding the audit. Masterson stated that the Authority does not handle cash. Payments are only accepted by check or money order. The property managers also post their rent payment in the software and prepare their own

deposits. Everything has to balance. All of these measures help to diminish any potential fraud.

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

a.) **Assisted Housing**

i. **River Cities Redevelopment**

▪ **Operating Budgets 2013**

Mr. Masterson stated that the operating budgets for 2013 have been submitted to WHEDA and include the higher garage rental figures as well as inflationary increases. A resolution will be presented later in the meeting to approve the Winnebago County Public Housing CY 2013 Budgets. Masterson and van Houwelingen presented the public housing budget and explained that tenants pay the utilities for the Winnebago County Family Units. The Authority only pays utilities when units are vacant. The Revised 2012 Operating Subsidy shows zero because HUD recaptured the Operating Subsidy for the year. There has been no indication as of yet that HUD will be recapturing any Operating Subsidy for 2013. Operating Subsidy for 2013 has not yet been announced. The \$180,000 in the budget is only an estimate. After the Central Office Cost Center (COCC) is paid the Asset Management fee and before depreciation is applied, there is a projected income of \$79,863 for the WCHA family units in 2013. Ms. van Houwelingen stated that the Gain/Loss on Investments is a negative \$10,000 due to an anticipated decrease in the bond values. Employee benefits include health insurance, life insurance, income continuation insurance and the retirement fund. Masterson and van Houwelingen responded to questions regarding the budget.

▪ **Stratford Equity Payment**

Mr. Masterson distributed and reviewed a chart showing the final equity draw for the River Cities project. There is just over \$1.6 million in total Sources and just under \$1.2 million in total Uses which leaves \$448,454.66 remaining. The Housing Authority will be able to recover the \$70,000 in accounts payable that was paid out on behalf of the project as well as the \$83,960 gap loan. The Authority will be able to keep \$305,645 of the developer fee. This money will go directly into the Winnebago County Local Fund to use at the Authority's discretion as it is not HUD money. Slow lease ups at Foxview and Riverside caused a loss in potential fees of about \$40,000. Masterson responded to questions regarding the River Cities project.

▪ **Stratford Asset Manager Visit Pending**

Masterson stated that a Stratford Asset Manager will be making a visit in mid-October to inspect the completed project. WHEDA is also scheduled to come for the management review.

▪ **Garages Construction & Leasing Update**

Mr. Masterson met with the contractors last week. The concrete slabs at Riverside will probably start being poured next week. A meeting is scheduled for this evening with the Omro City Council. The Authority is willing to commit to paying 4% of the fair market rent to the City of Omro. So, as the fair market rent goes up, the payments to the City of Omro will go up as well. The lease asks the City of Omro to set aside the rent payments in the early years of the lease equal to the amount of money the Authority puts into the building in the way of landscaping and

improvements. If the city would decide they do not want the building anymore and sell it to someone else, they would refund the Authority out of that reserve for the money the Authority already invested in the building. That money would be used to pursue other covered parking options.

b.) Public Housing – Annual Plan Resident Feedback

Mr. Masterson reviewed the Rental Assistance Demonstration (RAD) program that was discussed at the July meeting. This program is designed to test the conversion of public housing and other HUD-assisted housing to long-term, project-based Section 8 rental assistance. Masterson ran the numbers for the Winnebago County Scattered Site Family Units and distributed a chart showing his findings. Based on projected resident rents, Operating Subsidy money from HUD and total "Traditional" income streams, the units bring in a total annual income of about \$581,000 annually or \$562.98 per unit month (PUM). If the family units were converted into project-based Section 8 assistance, the total annual income that the units would bring in would be \$786,984 or \$762.58 PUM. This would result in a 26.5% increase in potential net revenue which is a gain of \$205,984 annually or \$199.60 PUM if the Authority was approved to participate in the RAD Program. The program however is not without its risks. Available information indicates that HUD's portion may be limited to the amount of the Operating Fund and Capital Fund. If the Authority would not really be getting Fair Market Rent (FMR), it would wipe out any potential increase in revenue. Masterson and van Houwelingen responded to questions about program funding.

Meetings with the residents at Foxview and Riverside went relatively smooth. There were only a few minor concerns regarding the changes made with the custodian's duties.

Masterson distributed and reviewed a handout regarding Flat Rent. Flat Rent is an optional program that only applies to public housing properties, not multi-family units. The last time flat rent amounts were set was in 2006. For higher income tenants, the current flat rents are less than 30% of the person's income. HUD wants a housing authority to set cash flowing flat rents. The chart shows the possible new flat rent amounts using 75%, 80% and 85% of fair market rent for each size unit. There are currently about 48 tenants who are on flat rent. Conversations with the property managers resulted in the option to tie flat rent increases to the Annual Plan and the Five Year Plan. Every year there would be a new rent based on the schedule adopted in the Five Year Plan. Both tenants and staff would know what the flat rent is for the current year as well as what it will be the following year. Question regarding Flat Rents were addressed.

No substantial changes are being made this year to the Agency Plan. So, the Authority is sticking with an informal process because public meetings and hearings will not be necessary.

Chairman Norton stated that it has come to his attention that there is a client at the Greenfield Group Home that is having difficulties getting in and out of the building with their wheelchair and inquired as to what could be done to resolve the issue. Masterson provided some background on the physical layout and challenges at the Greenfield Group Home and stated that repairs are being made that should alleviate the situation. The repairs should be done by the end of October.

- 5.) **Resolution 611-12: Approve Annual Independent Audit of WCHA**
Mr. Masterson presented Resolution 611-12 which approves the annual independent audit of the Housing Authority of the County of Winnebago as reviewed earlier in the meeting. There being no further questions or comments, Mr. Schallert moved, seconded by Ms. Hackett to approve Resolution 611-12. Motion carried 4-0.
- 6.) **Resolution 612-12: Approve Operating Budget CY2013, form HUD-52574**
Mr. Masterson presented Resolution 612-12 approving the CY2013 WCHA Public Housing budget. There being no additional questions regarding the budget, Ms. Hackett moved, seconded by Mr. Schallert to approve Resolution 612-12. Motion carried 4-0.
- 7.) **Discussion – WAHA Fall Conference Review**
Before reviewing the WAHA Fall Conference, Masterson brought the commissioners up to date on the regional Community Development Block Grant (CDBG) and the Home Buyer Programs. It does not appear that Winnebago County has a fair housing ordinance which is required to receive any money from the new Northeast Wisconsin Regional Consortium for CDBG funds. To help expedite the process, Masterson is sending examples to the County's Corporate Council to expedite drafting a proposed county ordinance.

The Home Buyer Coordinator, Mary Bach, faces some personal challenges and will be retiring at the end of this year. Mary currently has 3 projects started that she would like to see through to completion. The Authority is sending some staff to Home Program training. Even if the Authority does not apply for new funds, a good working knowledge of the program will be necessary because of the Revolving Loan Fund (RLF). The Authority receives proceeds when homes are sold and recycles them to new buyers. The Winnebago County Housing Authority is one of only a few housing authorities in Wisconsin that are active in the Home Buyer program.

Ms. van Houwelingen and Mr. Franzen attended the WAHA Fall Conference and offered their comments. Ms. van Houwelingen stated that "Sequestration" is the new buzz word. Sequestration is the formal term for mandatory cuts to federal programs – the process of cordoning off money that may have been authorized by Congress but is now prohibited from being spent. Literally, the money is being "sequestered" – taken away from the federal agencies affected. Ms. van Houwelingen attended a session on Section 8 presented by Caleb Kopczyk from HUD as well as a session presented by Forward Community Investments on a program to help smaller non-profit agencies apply for tax credits. Mr. Franzen attended a session on risk management of several different issues presented by Housing Authority Insurance Group. A session regarding Act 143 which deals with the new tenant landlord law changes was also attended. Next year the Fall WAHA Conference will be held in Appleton. The Oshkosh and Winnebago County Housing Authorities will be assisting in the planning of that conference. Authority accountant, LuAnn, was in Baltimore last week at a free HUD training. She stated the training was very helpful.

Chairman Norton directed the Board's attention to a copy of an article from NAHRO he had read. Norton inquired how the Small Public Housing Agency Opportunity Act of 2012 (SPHAOA) would affect the Authority and was the Authority planning any special activities in support of Housing America Month in October. Masterson stated the Authority doesn't have any issues with the legislation and that SPHAOA would have positive affects if passed. Plans are being made for a big 40th Anniversary party next year. The Authority held a 30th Anniversary party at the Convention Center ten years ago. Chairman Norton recognized commissioner Waterworth's appearance with Realtor Jack Doemel that appeared on the Oshkosh Access Channel.

Masterson provided some background information regarding sequestration and stated that Riverside tenants had expressed their concern about how much trouble the government can make for them regarding funding and rent levels.

8.) **Adjournment:**

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 4:25 p.m.

Respectfully submitted,

BRAD J. MASTERSON
Executive Director
Winnebago County Housing Authority

APPROVED