

WINNEBAGO COUNTY HOUSING AUTHORITY MINUTES

Tuesday, November 26, 2013

Court Tower

3:00 P.M.

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

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

OTHERS PRESENT: None

- 1.) Chairman Norton called the meeting to order at 3:03 p.m.
- 2.) Chairman Norton directed the Commissioners to review the minutes of the regularly scheduled Board Meeting held on September 24, 2013. There being no questions or comments, Mr. Waterworth moved, seconded by Ms. Beahm, to approve the minutes of the September 24, 2013 meeting as presented. Motion carried 4-0.

3.) **Finance –**

a.) Accounts Payable

Chairman Norton inquired if there were any questions pertaining to the September and October accounts payable reports. There being no questions or comments, the Board proceeded to the Quarterly Financial Reports.

b.) Quarterly Financial Reports

Ms. van Houwelingen reviewed the Quarterly Financial reports starting with Winnebago County Housing Authority Public Housing. The cash reserve is substantial which will be used for future renovations. There is currently an operating income of \$98,547 before depreciation. There are no mortgages on these properties.

There is not much activity for the WCHA Capital Fund because there hasn't been much work done lately on the Menasha 40 units. Capital Fund financials show funds received from HUD which equal expended funds.

The WCHA Local Funds show \$209,871 in cash and \$69,711 in investments as of September 30, 2013. There are also some notes receivables from various entities that will be paid back when developer fee money starts coming in. This is all non-federal money.

The Voucher Program is not supporting itself. HUD pays admin dollars based on the number of voucher units under contract as of the 1st of each month. The Authority is only getting 69% of the admin fee. Staff is working to get more vouchers issued and get the numbers up, but at current funding levels, the Authority will not be able to afford to issue all of the 413 vouchers it has. The Winnebago County local funds are currently helping to

cover costs for the Voucher Program. The second to the last page shows an analysis of the HAP Fund and Admin Fund balances. HAP payments to landlords for tenants that Ported In from other agencies are paid out of admin money. Then the originating Housing Authority reimburses us for the expense.

Foxview is almost 100% occupied all of the time. There are very few applicants on the Foxview waiting list that are 62 years of age or older. The Authority can request a waiver if necessary to rent to applicants under age 62. Foxview is doing well and has a net operating income of \$85,957 before depreciation. Riverside has a net operating income of \$85,395 before depreciation. There is not a lot of money in the Replacement Reserves for Foxview and Riverside, but this will build over time.

Silvercrest is running tight. The Statement of Activities doesn't reflect the mortgage payment on this property. The Authority will be requesting a rent increase to ensure there is enough money coming in to cover all expensed and to put a little aside for repairs. There is currently \$58,824 in Replacement Reserves.

Both Summit and Greenfield Group Homes are just making ends meet and have a small operating income before depreciation. The mortgage interest does show on the Net Position sheet, but the principal payment does not. The Authority will also be requesting a rent increase from these group homes to ensure there is enough money coming in to cover all expensed and put a little aside for future repairs.

The Home Program is another "in and out" type of program. Justin has completed four deals since he took over the program after Mary Bach retired. There is not much to report for HCRI and CDBG.

Masterson and van Houwelingen responded to questions regarding the Quarterly Financials. In the Voucher financials, Fraud Recovery is the money that has been collected from Voucher clients that owed the Authority money due mostly to unreported income that was discovered. The Authority gets to keep half of what is collected and the other half goes back to HUD.

Ms. van Houwelingen reviewed the letters from SVA stating they will be doing the audits for the Winnebago County Housing Authority and River Cities Redevelopment.

c.) Budgets

Ms. van Houwelingen reviewed the budgets for Foxview and Riverside. Dwelling Rental is the gross rent potential if all units were leased for all 12 months. A vacancy allowance of 2% is subtracted from Dwelling Rental to plan for any potential vacancies. The budgeted amount for salaries is less because Stacy's salary is split between several properties and the maintenance positions are split between other properties as well. The 2014 budget projects a Net Income before depreciation of \$49,524 for Foxview and \$44,935 for Riverside.

The 2011 Silvercrest Group Home budget was an 18 month budget period. This budget is tight and estimates only a \$1,159 net income before depreciation. Rent increases for Silvercrest will not be able to happen until the end of 2014. The rents for Summit/Greenfield will not be able to be increased until the summer of 2014. The Depreciation Expense for 2014 was inadvertently omitted and will be corrected. Both Summit and Greenfield are projected to run a loss before depreciation.

Year to date maintenance labor costs for the Winnebago County Family units for 2013 are down due to a maintenance person being out due to a work comp injury. The maintenance person for the Winnebago County Family units is splitting time between the County units and the Oshkosh 70 Family units. The labor costs are being split accordingly. The 70 Family Unit Program was projected to have a Net Income before depreciation and Asset Management fees of \$109,185. So, an Asset Management fee of \$15,000 will be taken. This fee is due to the COCC if the property cash flows. Mr. Mitchell does a good job of keeping the units full. The COCC budget will be presented at the December meeting.

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

a.) Quarterly Occupancy Report

Masterson reviewed the 3rd Quarter Occupancy Report stating the Winnebago County Housing Authority has an overall occupancy of 98%.

b.) RAMP/HAIG Risk Assessment

Mr. Franzen and Masterson reported that a Risk Action Plan is being developed. The plan will enable the Authority to qualify for dividend rebates on the insurance premiums paid to HAIG.

c.) Public Housing – Renovations & SAC

- **Menasha Renovations Possible Winter Progress**

Masterson stated that the FAST crew is back working on the Sixth Street units. When those units are completed they will start on Manitowoc Road.

- **Rental Demonstration (RAD) – Moving to RAD**

Masterson summarized the RAD program and stated that the Winnebago County Family Units were the best candidate for the RAD Program. Operating Subsidy and Capital Fund totals from 2012 will be used to determine contract rent if the RAD application is submitted by December 31, 2013. Once the units are converted to RAD, they will be eligible for annual contract rent adjustments. Public Housing units cannot take a mortgage out against the property. However, under RAD the units can incur debt if they needed to be fixed up. The Oshkosh Board is being advised to RAD out all of their public housing units as well. Many of the Public Housing burdens would be eliminated under RAD such as community service obligations and PHASS inspections. The HUD Multi-Family staff is being moved from Milwaukee to Chicago. However, converting to RAD still appears to be less risky than remaining in public housing. Most of the multi-family inventory belongs to private property management firms with substantially more pressure to bear on congress. HUD only funded nine months of multi-family expenses last year. If they do not fund 15 months this year, they will still be three months behind. Congress hasn't fully fund that program, but they haven't said they wouldn't. A resolution will be presented later in the meeting to approve sending in an application for RAD conversion. This will be a lengthy process and the Authority will still be able to back out if new information or obstacles are presented.

d.) Housing Choice Voucher Program – Additional Lotteries

Masterson reported that meetings have been going on and lotteries have been run for about 180 applicants. The lottery process seems to be working well. Our numbers are low, but good progress is being made to boost the number of vouchers issued.

e.) Assisted Housing

- Elevator Contract Renewal

Mr. Franzen & Masterson stated that Otis Elevator has done a very good job with all of the Authority's elevators. They have agreed to freeze fees for the 2014-2015 contracts at the 2012-2013 rates. The contract for Winnebago County is about \$3300 per year. The contract renewal covers elevators at all of the buildings. Masterson reported that eventually the elevators at Foxview and Riverside will need to be replaced. There is only one elevator in each building. This will present major problems for mobility during renovation and tenant safety. There may be a stand-alone solution where Otis could put in a new elevator that is not inside of the building. It could be installed on the east end of the building and come up on the other side of the hallway.

- Riverside Landscaping & Foxview Manor Garage Update

Masterson is exploring options for a lift between the garages at Riverside. A ramp was originally planned between the garages on the south end so that tenants could get down from street level to the patio level. However, the landscape drawings did not address this in any manner and the construction crew poured a sidewalk and steps which is not pedestrian friendly for those with wheelchairs or scooters. The plantings are in at Riverside and some seed has been put down. No more will be able to be done until spring.

Masterson has spoken to the owner of the house adjacent to Foxview that the Authority wants to purchase. An offer to purchase will be submitted after the City of Omro Council agrees to grant the variance needed for garage construction on that land. An appraisal will need to be done on the property.

f.) Homebuyer Rehab Programs

- HOME / HCRI / NSP and Regional CDBG Owner Rehab Programs

Masterson reported that some issues have arisen with Habitat of the Fox Cities regarding some NSP money. The letter of understanding with Habitat, which required them to complete all work by December 31, 2012, had expired before they started some rehab work and therefore are not entitled to any additional NSP funds. The Authority has agreed to pay 75% of the original amount to Habitat based on some verbal instructions they were given prior to Mary Bach's retirement. The State could be recouping some NSP money from other agencies that had not been spent. The Authority has applied to get some of that money.

The owner of some properties on Division Street is having compliance issues. The original loan was paid off and the owner was of the understanding that he was no longer required to follow the compliance rules. This is not true. The County Housing Authority is helping to get them compliant. The Department of Administration (DOA) has been pretty flexible throughout the process. The owner will be done with his compliance obligations in 2016.

A new person was hired to manage the Regional CDBG Program. This is not a homebuyer program. These funds are used for homeowners that meet the income guidelines to make repairs to their homes. Masterson responded to questions regarding the CDBG Program.

g.) Resume Screening for Executive Director Posting

Masterson reported that about 47 resumes came in for the Executive Director position. After reviewing the applications, there were 19 candidates qualified for consideration. Masterson has further pared down the selection to 11 candidates. The Search committee will meet to review the resumes and choose the ones they wish to interview. After some discussion a joint meeting of the Housing Authority Boards was scheduled for December 23rd at 3:30 p.m.

h.) Personnel Update – New Assignments / Staff Merit Process

There have also been some staff reassignments. Paul S. has been move from the Fast crew to Cumberland Court. Josh W. is no longer helping at Cumberland Court. He is now going to split time between Court Tower and the Family units. Darryl is now back to work part time with some restrictions. There are about 180 work orders pending due to being so short staffed in maintenance for an extended period.

Regarding merit pay reviews, management would like to review all staff by the end of the year. Staff merit pay would be paid out at the beginning of 2014. Management merit payouts are scheduled to the end of 2013. The boards had previously passed resolutions approving merit awards up to 3% of payroll each year.

Ms. van Houwelingen announced that a retirement party for Brad has been scheduled for Saturday, January 18, 2014 at the Algoma Club.

Masterson distributed a chart showing his earned, used and unused sick leave, vacation leave and floating holiday hours to consider for a final payout. Due to the demands of the position, Masterson was unable to use all of the vacation time that was earned each year.

Masterson and van Houwelingen reported that the Oshkosh Housing Authority Board passed a resolution yesterday to initiate a Retiree HRA (Health Reimbursement Account). Currently, when an employee retires, one half of their earned and unused sick leave is paid out to them at their wage rate when they retire. This payout is subject to all of the tax obligations like any other wages. Now, instead of paying out this benefit, the money will be deposited in a Retiree HRA which can be used for any IRS Code 213(d) expenses such as supplemental health insurance premiums, deductibles, copays, etc. The HRA also eliminates the tax burden on that money. The Plan documents are being drawn up by Diversified Benefits Services. Questions regarding the Retiree HRA were addressed.

5.) Resolution 624-13: 2014 Utility Allowance Schedule Update

Ms. van Houwelingen summarized the resolution stating the Authority did not update the utility allowance schedule last year because there wasn't a change of more than 10%. The utility allowance is only meant to help supplement basic utility costs. There being no questions, Ms. Hackett moved, seconded by Ms. Beahm to approve Resolution 624-13. Motion was carried 4-0.

6.) Resolution 625-13: HUD Form 52574 – Budget Revisions 2013 & Budget 2014

Ms. van Houwelingen reviewed the resolution stating this resolution approves the budgets as presented earlier in the meeting. The operation subsidy has not been set yet due to the government shut down. Once that is announced, the budgets will be revised. There being no additional questions, Ms. Hackett moved, seconded by Ms. Beahm to approve Resolution 625-13. Motion was carried 4-0.

- 7.) **Resolution 626-13: Revise Passbook Rate for Determination of Income from Assets**
Masterson reviewed the resolution and the procedure for determining income from Assets. There being no questions, Ms. Hackett moved, seconded by Ms. Beahm to approve Resolution 626-13. Motion was carried 4-0.
- 8.) **Resolution 627-13: Rental Assistance Demonstration Application Submission**
Masterson reviewed the resolution and summarized the ups and downs associated with public housing. Required use of Davis Bacon wage rates, community service requirements and operating subsidy to name a few would all go away. It is a political gamble either way. This resolution only approves an application being submitted now to lock in 2012 rent figures. If things don't happen as anticipated, the Authority can still back out of the conversion. After all questions were addressed, Ms. Hackett moved, seconded by Ms. Beahm to approve Resolution 627-13. Motion was carried 4-0.
- 9.) **Discussion – Housing News / WHEDA Conference / Set Next Meeting**
Masterson reviewed the copy of the article on PHADA's position on authorizing legislation. It's possible that a 120 day continuing resolution could be passed.

Some staff attended the WHEDA conference in Madison. The Tower Redevelopment investors, First Sterling, were there. It was a good conference. Contacts from FHLB and BMO Harris/M&I Bank were also there.

An issue has come up with the roof at Lenox Lofts. The winds and rain last week caused about 1000 square feet of roof fell in and damaged some posts. The insurance company has been notified and repair options are being pursued. The Authority needs to get Lenox designated as a historical site so it can apply for historical tax credits to help with renovations. Mainview is currently experiencing a cash flow problem with the renovation work. The Authority is working diligently with Forward Community Investments to get the loan that was promised. Lien waivers need to be collected and submitted. The historical tax credits cannot be sold until the work is complete. The loan money is needed to complete the work. The loan can be paid back out of the proceeds of the sale of the tax credits. Masterson stated that the RCAC issues at Court Tower are still being worked through. A list of the Holiday parties at the buildings was distributed to the commissioners. If the commissioners would like to attend any of the parties, they should let the Authority know.

6.) **Adjournment:**

There being no further business, Chairman Norton called for a motion to adjourn. Ms. Hackett moved, seconded by Mr. Waterworth to adjourn the meeting. Motion carried 4-0. The meeting was adjourned at 4:25 p.m.

Respectfully submitted,

Brad Masterson
Executive Director
Winnebago County Housing Authority

APPROVED