

OSHKOSH / WINNEBAGO COUNTY HOUSING AUTHORITY

JOINT MEETING MINUTES

Monday, February 23, 2009

Marian Manor

3:30 P.M.

COMMISSIONERS PRESENT: Claude Benedict Jr., Chairman, OHA
Mike Norton, Chairman, WCHA
Gordon Kargus, Vice Chairman, OHA
Patty Maehl, Vice Chairman, WCHA
Karen Keller, WCHA
Rebecca Hackett, WCHA
Braxton Patterson, OHA

STAFF PRESENT: Brad Masterson, Executive Director
Su van Houwelingen, Business Manager
Kim Lynch, Executive Assistant

OTHERS PRESENT: None

1) **Roll Call & Call to Order**

Chairman Benedict called the meeting to order at 3:37 p.m.

2) **OHA Minutes of January 26, 2009**

Chairman Benedict directed the Commissioners to review the minutes of the regularly scheduled board meeting, held on January 26, 2009. There was some discussion about the new terminal services issue for dialing into the server from a remote location as well as rooftop services to connect the computers at the buildings. Mr. Kargus moved, seconded by Mr. Patterson to approve the minutes of the January 26, 2009 meeting. Motion carried 3-0.

3) **WCHA Minutes of January 27, 2009**

Chairman Norton directed the Commissioners to review the minutes of the regularly scheduled board meeting, held on January 27, 2009. As there were no questions or corrections, Ms. Keller moved, seconded by Ms. Maehl to approve the minutes of the January 27, 2009 meeting. Motion carried 4-0.

4) **Finance**

a.) **Accounts Payable:**

Chairman Benedict commented that the report totals seemed quite a bit lower than in the past several months. Mr. Masterson explained that now that the Marian Manor renovation project is mostly completed, the accounts payable amounts are closer to routine. Ms. van Houwelingen explained that the payments to Kwik Trip are for gas purchases for Housing Authority owned vehicles. The payment to Assurance Title assists a Homebuyer Program applicant.

b.) **Quarterly Statements:**

Ms. van Houwelingen distributed and explained newly formatted quarterly statement as of 12-31-2008 for both the OHA and WCHA. The one page summary for each Housing Authority replaces the big stack of paper that used to be distributed. Ms. van Houwelingen has the detail that backs up the summary reports if any of the commissioners want to look at it. She emphasized the bottom line as presented on the report is the Net Operating Income/Loss Before Depreciation. Ms. van

Houwelingen offered to make any adjustments on the report the commissioners feel would be helpful. Chairman Norton asked if it would be possible to put last year's totals on the summary report so the Boards could compare the numbers this year to last year. Chairman Norton also inquired if the budget numbers could fluctuate greatly. Mr. Masterson and Ms. van Houwelingen provided a couple examples of actions or accounting changes that had previously generated large fluctuations.

5) Report of the Executive Director

a.) Old Business:

Mr. Masterson reviewed the letter that was sent to both Senators Feingold and Kohl. The letter addressed the pending vote Friday evening, February 20, on cutting the funds for the Neighborhood Stabilization Program and Capital Fund money from the economic stimulus package. Mr. Masterson was pleased to report that both items survived the cut. The Neighborhood Stabilization Program is money from late last year that was provided to the state primarily to buy foreclosed property. The state called late last week requiring specific identification of the census tracts cited in the application. Mr. Masterson explained that the application indicated that efforts would only be made in qualified census tracts with an "At Risk" score of 7 or greater, but the application didn't identify which census tracts those were. Subsequent conversations with the cities of Oshkosh, Neenah and Menasha resulted in narrowing efforts to census tracts with an "At Risk" score of 8 or higher. So, Mr. Masterson reported those census tracts to the state. Reporting the areas with a higher risk will help the application to score higher and thereby have a better chance of getting funding even though it will make it a little harder to spend the money because of narrowing the choices of homes that can be purchased.

Mr. Masterson did review a copy of a letter to the editor that was sent to the Oshkosh Northwestern about a sidewalk on Oregon Street that was unsatisfactory. The copy also has a response that was sent by the Housing Authority before sections were edited out by the Northwestern.

Mr. Masterson called the commissioners attention to a handout that was included in their packet from United Financial Group regarding a new senior housing community that they are building in Neenah.

The Rent Comparability Study on Cumberland Court is done. The study does support a rent increase of \$60 for a 2-bedroom unit and \$70 for a 3-bedroom unit. Cumberland Court was starting to have cash flow issues. If HUD approves the increase, it should help get the property back in the black. There are nine buildings at the Cumberland Court property, 24 three-bedroom town houses and 48 two-bedroom units.

b.) Public Housing:

i. PHA Annual Plan 2009 – Process & Changes

Mr. Masterson directed the commissioners to the copy of the Meeting Notice included in the packet. If both Housing Authority boards are meeting together as one board by the end of March, one of the Public Hearing dates will have to be changed. Meetings with the tenants will be held within the next few weeks. In the Housing and Economic Recovery Act of 2008, provisions were included for streamlining the annual plan for housing authorities that had fewer than 550 combined Public Housing and Section 8 units. So, both housing authorities are now eligible for the streamlined PHA Plan. A Five Year plan is still required, but for the Annual Plan, only notification of changes is required. There are not many changes to report this year because disposition planning was already posted last year.

One of the newest changes is that new HUD regulations allow use of last year's income for this year's rent calculations. Now, whatever the tenant earned in the last 12 months, if their circumstances are the same or likely to be approximately the same, can be used as the

projection for the next 12 months. This would make re-certification much simpler. However, even though HUD is continuing to give public housing more discretion, assisted housing still has a \$200 income increase mandate and the drop in the income HUD mandate will still create timing and affordability issues for some households.

Another potential change is with the Capital Fund money. The OHA approved a rather large contract with Gartman Mechanical to add a variable refrigerant flow (Mitsubishi) system at Mainview and get rid of the window air conditioners and sleeves. That significant contract consumes nearly two years worth of capital fund money. However, the time may be right to submit a Tax Credit application for Mainview in which case tax credit money would be used instead of capital fund money. The Authority needs to consider accelerating the renovation of Mainview to coincide with the reconstruction of Main Street. It doesn't make sense to have Main Street all dug up while struggling to keep the building full and then when the street is done, have Mainview tore up. With everything that is happening with tax credit money and the stimulus money, it may be a good idea to get Mainview renovations started now. Then all that Capital Fund money would be available for 70 Scattered Site units.

The other major change in the annual plan would be Applying for the Capital Fund Financing Program where the HA would borrow against the future Capital Funds to get a large lump sum cash deposit up front. Then, in the future, the Capital Funds every year would already show a \$75,000.00 debit to repay the money that was received up front and spent on remodeling Court Tower.

A change for the WCHA would be the disposition of all 7 of the four and five bedroom single-family homes. These units are very difficult to fill as the need for these larger units has declined significantly. The units would be replaced with other two or three bedroom foreclosure properties that could be purchased with the proceeds from the sales and Capital Funds.

Mr. Masterson explained that the extra stimulus Capital Fund money has several restrictions. Only 20% can be used on management improvements and only at the sites themselves. The money cannot be spent on the Central Office Cost Center. He suggested budgeting all the funds for acquisition of land that could be used to build new replacement apartments, which could soon be shovel ready, and provide the economic stimulation Congress and the Administration were seeking. He said that action would aid the next item on tax credits for Court tower

ii. Court Tower Preservation Tax Credit Application

Mr. Masterson explained that River Cities Redevelopment LLC was created for the WCHA's renovation of Foxview Manor and Riverside. Tower Redevelopment LLC was created for the same purposes for Court Tower. A power point presentation was shown to help explain the tax credit applications for Court Tower and Foxview/Riverside highlighting both the complexity and differences in the transactions. At Foxview and Riverside, it is expected that the Housing Authority Force Account Team will do the majority of the interior work. The outside work will include garages, patios and balconies. There are a lot of soft costs in the deal. The LLC's are made up of the Housing Authorities and Tom Landgraf from Dimension Development, the co-developer in the two LLC's and who also helped put the Tax Credit deals together. Court Tower is a much more complicated deal because of the size of the building. The Foxview & Riverside transaction should be about \$8 million while Court Tower will exceed \$20 million. Presumably, at least forty-eight of the units at Court Tower would be replaced elsewhere in the community in six eight-plex buildings designated for disabled persons. Further, if WHEDA is supportive of modification of land identified in the application all apartments could be replaced with new construction. Masterson has been searching for three large parcels, one south side, one north side and one west side to provide diversify

among the one bedroom inventory. The design concept is to build single story cottage four-plexes in groups of eight to ten depending on site capacity. Sites would be near the bus lines, have roll in access from the street and include a clubhouse. By using tax credit proceeds the Authority will have greater latitude especially regarding quality materials and the size of the units.

iii. Menasha Scattered-sites Renovations

Mr. Masterson reported that the Housing Authority is continuing to build up the Capital Funds money for renovating the Menasha Scattered Site units. Approximately \$40,000 per unit has been banked. The Force Account team is expected to do the interior work on this project. Mr. Masterson will be meeting with the architect tomorrow. This is the same architect that drew up the exterior renovation plans for the units two years ago. It is likely that this project will be put out for bids this spring to take advantage of favorable pricing. While the Force Account Team will do the interior work, the exterior work, roofing, dormer and porch work will be let out for bids. The countertop is ready to go in tomorrow at the Sawyer Street property that is being renovated. When that is done the fans at Cumberland Court will be finished. Then the Force Account Team can go to Menasha to work full time on that project until funding of the River Cities application is known (April 15).

Ms. van Houwelingen explained that she wanted to make the board aware of a situation that the Housing Authority encountered. A few days ago, the MEG Unit arrested two people outside of a Perkins for a drug deal gone bad. One of those arrested and put in jail was one of the Housing Authority's tenants. On Friday, the Housing Authority received a report that there were other people staying there and going in and out of the unit. Ms. van Houwelingen instructed the property manager to contact the Menasha Police Department, take a maintenance person with her, meet the police there and have the police kick out whoever was in the unit and change the locks. The police evicted five people from the unit that were not on the lease. While the intervention deviated from the norm, it was deemed necessary to protect the property given the absence of the lessee and the neighborhood's concern. The Housing Authority contacted the tenant's mother and social worker as well as notified the police department that the locks were being changed to protect the tenant's things and the Housing Authority's property. A letter was sent out to the tenant to let her know that the Housing Authority changed the locks and that there is a key ready for her when she gets out or could be given to whomever she designates in writing to give it to. That person would have to show photo ID to prove who they are to get the key. The letter also explained that the locks were changed not to keep her out, but to secure and protect her things under the circumstances.

iv. Mainview Preservation Tax Credit Opportunity

Mr. Masterson explained that this topic was touched on earlier in the meeting, but wanted to add that this is the first year that WHEDA is doing multiple application periods in one year. Usually, there is only one application period in February and that's it. The weak market for tax credits dating back to late 2007 requires WHEDA to have a flexible approach to getting viable tax credit developments completed.

c.) Assisted Housing:

i. Marian Manor Redevelopment LLC Update

Mr. Masterson reported that Marian Manor's grand opening is being planned for April. A few things still need to be finished up such as setting up the computer labs, lobby furniture and moving maintenance down to the first floor. The energy rebate processing seems to have been resolved. Advocap will be sending the rebate money to McGann and then McGann will

reimburse Marian Manor for previous expenditures. The financial report from Suby Von Haden has also been received. Auditors for Marian Manor will be coming next week.

ii. Foxview Manor/Riverside Preservation Tax Credit Application

Mr. Masterson invited questions as the River Cities plan had already been incorporated in comparison to the Court Tower redevelopment. No questions were offered.

d.) Housing Vouchers: Current Utilization & VMS Fine Tuning:

Ms. van Houwelingen reported that there have been big changes with VMS reporting. Now reporting is to be done monthly instead of quarterly. What is being required is also constantly changing. Now only one week is being given to get the monthly VMS reporting in. Currently, the WCHA Voucher Program is over leased by about 10%. So, no new people will be put in for a few months.

e.) Commercial Leasing – Silvercrest / Phillip Pinel:

Mr. Masterson reported that, regarding the shift in population at Summit House, the bond documents that created the group home state that the group home is specifically for the chronically mentally ill. The Department of Human Services has made it a “Crisis Detention and Diversion Facility.” A letter had gone out explaining this provision and requiring the County to confirm only eligible people would be served there.

Mr. Masterson reported that a Phillip Pinel neighbor called regarding a parking issue at the CBRF. LSS’s expanded offices there, staff training and the significant snowfalls this year have made negotiating the street difficult.

Mr. Masterson also reported that Simplex Grinnell was at Silvercrest last week and sent an estimate of almost \$2000.00 to replace ten smoke detectors and two strobe lights. Maintenance staff had already replaced a bad smoke detector not long ago and it seems peculiar that now, all of a sudden, there are ten bad smoke detectors and two bad strobe lights all in one year. As the group home hadn’t notified us of any problem and the pricing seemed high, Mr. Masterson was going to investigate before proceeding.

Before concluding his report, Mr. Masterson reported that he and Ms. van Houwelingen went over to meet with the new city manager to get his signature on the tax credit application for Court Tower and to catch him up on recent events and future plans. After concluding, Mr. Masterson entertained questions. Foley and Lardner have not responded on the issue of the merger of the two Housing Authority Boards. Mr. Masterson will be contacting them soon for a progress report. As for the purchase of the Masonic Temple, the purchase agreement and the Mason’s lease agreement need to be written yet and the exterior tuck pointing and architectural repair estimate have not been received.

6) Mr. Masterson presented Resolutions 871-09 and 548-09. These resolutions approve the update to the OHA/WCHA Procurement Policy. The proposal tracks very closely to the model language HUD distributed. In fact, HUD was pushing the more liberal implementation to help ensure old policies didn’t impede obligation and expenditure of the recently awarded stimulus capital funding. After discussion and a correction of the verbiage on page 8, Time Frame Section, Mr. Kargus moved, seconded by Mr. Patterson to approve Resolution 871-09. Motion carried 3-0. Ms. Keller moved, seconded by Ms. Maehl to approve Resolution 548-09. Motion carried 3-0, as Ms. Hackett had previously departed.

7) Discussion

a.) New Federal Spending Directed to Housing:

Mr. Masterson reported that HUD called to inquire if the Procurement Policy was in place, if a comprehensive needs study was done and ready and has an energy audit been done. The Housing Authority is scheduled to get a large sum of money and HUD wants to know if the Housing Authority is ready to go. Nationally, four billion dollars is available for Capital Funds with three billion available

in the regular formula distribution which is projected to be more than \$200,000 for WCHA and \$550,000 for OHA. Another billion dollars will be available competitively for Public Housing Capital Fund projects that are ready to go and focus on energy conservation and green technologies. The information on homeownership assistance to prevent or rescue foreclosures has also been released. There was discussion on how "payments in lieu of taxes" works.

- 8) Having completed the Agenda, Chairman Benedict called for a motion to adjourn. Mr. Patterson moved, seconded by Ms. Keller to adjourn the meeting. Motion carried 6-0. The meeting adjourned at 5:48 p.m.

Respectfully submitted,

BRAD J. MASTERSON
Executive Director
Oshkosh Housing Authority

APPROVED _____