

WINNEBAGO COUNTY HOUSING AUTHORITY MINUTES

Tuesday, November 24, 2009

Marian Manor, 3:00 P.M.

COMMISSIONERS PRESENT: Mike Norton, Chairman
 Patty Maehl, Vice Chairman
 Rebecca Hackett
 Richard Schallert

STAFF PRESENT: Brad Masterson, Executive Director
 Su van Houwelingen, Business 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 October 27, 2009. When queried, Mr. Masterson explained that the acronym "FAST" stood for Force Account Support Team, which consists of three maintenance staff that are assigned to improvement projects rather than daily maintenance of certain properties. There being no further comments or questions, Ms. Maehl moved, seconded by Mr. Schallert, to approve the minutes of the October 27, 2009 meeting. Motion carried 4-0.

3.) **Finance**

a.) Accounts Payable Report for October

Chairman Norton inquired if there were any questions pertaining to the October accounts payable report that had been included in the packet. Mr. Masterson noted that the total was down a little bit. Ms. van Houwelingen explained that the difference could have something to do with the fact that there were not many home closings in October. She also pointed out that the Section 8 checks that are currently being paid out of the local funds are not reflected on this report due to the date the checks were issued. The check to Cheri Wilkinson & Assurance Title is for the Home Buyer program. The check to American was for appliances for the Menasha duplexes units that are being remodeled.

b.) Quarterly Financial Statements

Ms. van Houwelingen distributed and explained the WCHA first quarter financial reports. One of the sheets reflects the numbers for the WCHA Public Housing program, the Housing Choice Voucher program and the Capital Funds. The other sheet is for the WCHA Local Funds, the Multi-Family programs the entities such as the group homes and the Home Ownership Program. These sheets are a summary of the numbers for the year to date as well as a column for the numbers for the same period last year for comparison. The summary shows that the assets are greater than the liabilities. Chairman Norton inquired if the numbers fluctuate much from year to year. Mr. Masterson explained that large fluctuations are caused mostly by rule changes from HUD. Ms. van Houwelingen explained fluctuations typically occur from changes in utility consumption, employee benefits and shifting of staffing levels between sites or programs. Also, operating income is effected by occupancy rates. If units are not leased, the property will loose both rent and subsidy payments.

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

a.) Old Business

Mr. Masterson discussed the Occupancy Report that was included in the Commissioner's packets. The Oshkosh properties are all doing well. Most of the vacancies are in the Winnebago County family units. The WC 86 Family Units, Foxview Manor and Riverside are currently undergoing rehab resulting in the lower occupancy rates. Currently, ten of the 86 family units are off line for remodeling. Foxview and Riverside are not trying to fill vacancies at this time due to pending rehab. Ms. van Houwelingen reminded the commissioners that the HA no longer intends to sell off the four and five bedroom units. Instead, the HA is transferring current tenants that are in smaller units, but require larger units under the occupancy standards to these four and five bedroom units.

A letter was received from HUD on November 23, 2009 which approved the combining of the two South Park units into one six bedroom CBRF.

Mr. Masterson reported that he showed the Ceape Clinic Building to a church group that was interested in possibly leasing some space there. To date, he has not heard anything back.

b.) Public Housing

i. Menasha Forty Family Renovations Update

Mr. Masterson reported that demolition is nearly complete on eight of the first ten units. This week and next week the new windows will be installed. The interior repairs are currently ongoing. The heating and mechanical people are there as well as the plumbers making the alterations to convert the closet on the first floors into a half bathroom. The City of Menasha has been supportive and there have been few complications. About the only thing that has been changed with Pro-Build is a switch to fiberglass exterior doors instead of wood doors as originally bid. Other than that, everything else has been ordered and is coming in as needed. The target timeline is for these ten units to be done by the end of January 2010 and then start on the next phase which is 8 more units. The architect is currently working on the plans and specifications for replacing the steel roofing, adding central air conditioning to the furnace systems and the new front porches which will be awarded after bids are received. The Capital Fund stimulus grant is allocated to those contracts and needs to be obligated by March 15, 2010.

ii. REAC Inspection Results for PHAS

Mr. Masterson announced that the Winnebago County Family Units received a score of 93 which was the best score of all the inspections. The biggest point deduction was for a blocked electrical panel at the Menasha office. There were also many bad refrigerator seals, one leaking hot water heater, and a broken flush handle on a toilet which had just broke that morning. Anne Ruby, the property manager, requested and was given some additional help to get things ready for the inspection. Her and her team's efforts garnered the highest inspection score. Masterson explained that most of the inspectors work for a national company who submit bids to do the inspections. The OHA 70 Family units did okay. Unfortunately, Court Tower and Mainview did not score well. Some of the issues at Court Tower resulting in several of the point deductions were for a damaged retaining wall, which Court Tower does not have, an inoperable exhaust system, which when subsequently tested worked fine, unsecured/unlocked electrical panels which are in locked rooms and a sharp metal edge on the rooftop which was one of the cell tower cable trays and again, was behind a locked door. An appeal has been filed. Some of the larger point deduction issues for Mainview were

several unsecured/unlocked electrical panels, one of which was in the retail area and not even in the public housing area, and a missing electrical panel cover and a room that was used to store all of the old screens, windows and doors that staff is in the process of cleaning up was also sited as having debris and construction materials accumulated. The largest point deduction was for a sprinkler head in the all concrete north stairway that had a small amount of paint on it presumably from when the ceiling was sprayed during the original renovation. Unfortunately, Mainview staff has already remedied the sprinkler head issue, so a picture cannot be taken for use in appealing the deduction nor the sprinkler head tested to see if it was in working order. Of the seven electrical panels that were not locked, five were on the roofs. Masterson stated that, although HUD's score does have merit, the HA doesn't measure its success by HUD's scores. The more important question is, are we making the residents and their families happy and is the community satisfied with the product that the HA is offering. Ms. van Houwelingen added that the dwelling units themselves for all programs did very well and the inspectors were impressed with them. Also, the inspectors are supposed to tell staff when they find a deficiency and the inspector did not share a lot and left the property managers thinking they had scored well. The Mainview staff in particular was disheartened with the low score as they have made great strides and worked very hard to complete repairs and make the building look nice.

iii Stimulus Spending On-Site Review

Masterson reported that HUD notified the HA that they will be visiting all housing authorities nation wide by January 15, 2010 who were awarded capital fund stimulus money. HUD will be checking to see if the Procurement Policy was updated for the stimulus spending and to see what is being done to actually spend the money. The WCHA should be in fine shape regarding the spending of its money.

c.) Assisted Housing

i. River Cities LLC

▪ Tax Credit Sales Update – Stratford Capital Group & 2009 Closing

Mr. Masterson called attention to the handout on the Stratford Capital Group that was sent in the packets. Although they have not yet signed on the bottom line, everything is in process for them to purchase the tax credits for Foxview and Riverside. Even though WHEDA is stressing that the deal needs to close by the end of this year, the deal will more realistically close by the end of January 2010. The HA has received a seven page Due Diligence list with everything Stratford needs to approve the deal. Because the sale price of the tax credits is lower than what was put in the application, it looks like \$560,000 in TCAP money will now be needed to cover the difference which has already been approved. So, everything is coming together and work could start immediately after closing. The Stratford Capital Group is from Peabody, MA and has a record of successful projects in both affordable and market-rate housing development.

▪ Construction Planning

Mr. Masterson reported that there have been two significant meetings. One of the meetings has been with the city of Omro at which the garage situation was revisited now that the HA knows it can move forward. The discussion considered options for: an east-west garage on the land right next to the Foxview parking lot (which would make all of the remaining residential lots nonconforming), a north-south garage on one lot requiring demolition of one home, or a long-term lease of the city garage. Masterson and the architect did tour the city garage and found despite challenges, including the City well, that re-purposing the garage could be a legitimate solution. This would be the only solution that would provide covered parking for everybody at Foxview. It could be improved to enhance downtown Omro. The eastern most piece of the building isn't

valued and removing it would reveal two nice brick arches that could be decorated to make a statement at the foot bridge. There would be demolition costs throughout the building, but the building is structurally very sound. The well is an issue as the City of Omro has to have control of the well and adjacent land by DNR mandate. Protecting that water source means environmental issues and insurance protections would also have to be considered. If City of Omro could agree to sign a long term capital lease of the building then tax credit proceeds could be used to fix up the building. Chairman Norton inquired as to make up of the residents who would be using the garage. Masterson explained that the proposal is to have the building designated as elderly only. There is no way to get garages attached to the building. Purchasing the city garage would at least allow all tenants to park there cars inside a building where they wouldn't have to scrape windows and brush snow off there cars. If a garage was built right next to the building, there would only be enough room for 20 stalls which would not accommodate all tenants. Omro has some incentive to consider the proposal because the City has sought to build a new city garage and current funding opportunities will expire after 2010.

McGann Construction, serving as the construction manager for the project, looked at the exterior and is confident about the proposed removal of the spandrel panels that are damaging the brick. The brick isn't structural, but the cracking and caulking looks bad. A few opportunities were found to build additional common area on the upper floors.

d.) Housing Choice Voucher Program

i. Utilization and Fiscal Projections

Mr. Masterson reported that it doesn't look like the payment standard will need to be lowered to stay below the dollar limit. However, projections are that by the end of the year, the HA will go over its authorized unit months by 63 subsidies. The bottom line is the HA expects to have \$10,200 in costs for the 63 lowest cost households that the HA will need to pay out of local funds. The HA has already spent \$3,000 of local funds for the other low-subsidy families that were been moved into the local program months ago. A resolution authorizing the HA to pay up to \$15,000 from local funds to cover all of the HAP obligations is scheduled on the agenda. The HA will be having a conversation with HUD regarding how to process the 63 excess unit months in PIC and financials. When asked about what can be done to prevent this type of situation in the future, Masterson responded that bringing the general ledger back in house would allow us to monitor the numbers on a more timely basis. Monitoring the program manager closer to make sure that voucher issuance is restrained as full utilization is achieved will have to be a priority, It will also help if the program budget is known before late in the fiscal year as has occurred in recent years. Over-extended programs affected 700 of the 1900 voucher programs in the country in 2009 and Masterson believes that Congress and HUD will work to fix this problem as both were inundated by the problems caused in 2009.

ii. Section 8 Management Assessment Score (86) and Appeal

Mr. Masterson reported that the HA did get its SEMAP score of 86 and he already appealed it. He reported misinterpreting a question on the form and not claiming 5 points the agency should have claimed. If the appeal is upheld a score of 91 would make the HA a HUD High Performer. Even though there are signs up in all the offices and in waiting areas regarding not reporting income as fraud, there have been too many informal hearings in the past several months because of participants not reporting things. So, Masterson now speaks in the Voucher briefings to stress to participants what the consequences will be for not reporting income and changes. Masterson went on to explain informal reviews which are for applicants, the informal

hearing process which is for current tenants/participants, predetermination meetings and reasonable accommodation issues. Appeals have gone from about 2 a month a decade ago to 10 per month most of which are ineligible applicants, or financial issues related to unpaid rent, unpaid utilities, unreported income or household members.

e.) NSP Contracting and Implementation Update

Masterson reported that the HA's signed NSP (Neighborhood Stabilization Program) contract has gone back to the state, but not the sub-agreements. The NSP money can only be used to buy vacant or foreclosed on properties. Neenah has decided that their sub-allocation could go directly to the Greater Fox Cities Habitat for Humanity. Menasha will need to sign their agreement after formal Common Council adoption so it can be sent to the state. The WCHA will then be able to begin withdrawing funds. There are basically three activities going on. Habitat for Humanity in Oshkosh and the Greater Fox Cities will get lots from the city to build homes on. The second activity that is eligible is rental housing. This is the activity that fell apart for the City of Oshkosh where Neighbor Works was going to come down from Green Bay and the City of Oshkosh was going to buy a couple of properties, fix them up as rental properties and Neighbor Works was going to lease them out. Due to the recent departure of key community development and planning staff at City Hall, the department has agreed to transfer that allocation to the Housing Authority because it would be difficult at best for the City to be able to use the money by the deadline. The HA would like the city to find the \$1 houses and notify the HA of them and the HA would take over from there getting the houses rehabbed and rented out. The City also surrendered \$85,000 of the single family money which is the third activity. This is where the HA would buy single family homes in foreclosure, fix them up and either sell them to a potential buyer or resell the house to one of Mary Bach's buyers in the Home Buyer program and then fix up the house. If the money is spent "fruitfully" the program income from that would come back to the HA. Searches for \$1 homes on the HUD website are currently coming empty, so timely production of those units may fall short. The quarterly contract goals are still on track except for the rental properties. Yesterday the state reported that there is going to be at least two million dollars available in January in money recaptured from those who are not spending there money fast enough. Masterson does not think the HA will be going after any of the money at this time. WHEDA will also be surrendering \$4 million dollars that had been reserved for its activities.

f.) Personnel: Financial Director Interviews and 2009 Performance review Process

Mr. Masterson stated that he and Ms. van Houwelingen are currently interviewing candidates for the Financial Director position. A good group of applications had been received and five interviews were scheduled the last of which will be tomorrow. Brad and Su are in agreement as to who the leading candidate is so far. It is expected that the position will be filled by the next board meeting. The Property Managers have been informed that they will need to conduct performance reviews for their staff. Masterson asked for feedback on what the board would like from the HA this year regarding management reviews. Chairman Norton asked for input from the board members. The board members were in agreement with Chairman Norton's preference to skip reviewing management this year. Masterson stated that he will be meeting with the residents at the beginning of 2010 to develop a new five year plan for the agency and that perhaps the board may want to develop goals from that after it has been completed and look at reviews at the end of the agency's fiscal year as opposed to the end of the calendar year. However, as the HA does more tax credit projects, it will move more toward being a calendar year instead of a fiscal year agency, so either year-end will be a glimpse, rather than comprehensive.

- 5.) Mr. Masterson presented Resolution 566-09. This resolution authorizes the transfer of up to \$15,000 from WCHA Local Funds to cover Voucher excess HAP as discussed earlier in the meeting. Ms. Hackett moved, seconded by Ms. Maehl to approve Resolution 562-09. Motion carried 4-0.

6.) Discussion**a.) Planning for Tax Credit Developments, Construction and Renovation in 2010**

Mr. Masterson reported that he and Su met with Dimension Development, who helped put together the Marian Manor and Foxview/Riverside renovation financing. Because 2010 will be the last time the HA will have access to the extra flood tax credits, it was agreed that the HA should push forward with the downtown Neenah market-rate workforce housing that the city wants the HA to develop. It has been determined that this project has good prospects to gain an allocation of tax credits, especially as the pot of tax credit money available now is three times larger than it will be in 2011. Significant local support is already attracting a pool of local investors to purchase the tax credits of this development. The tax credit application must be submitted to WHEDA by February.

It was also agreed to resubmit the \$25 million tax credit application for Court Tower and attempt the replacement of Court Tower by building new public housing on other sites. The new application should score just as highly next year as it did this year, but would now include specific parcels for new construction.

Finally, Masterson sent a letter to the county executive last week indicating that the HA has an interest in accessing whether Pleasant Acres could become a tax credit project for the HA. As presented the HA's offices could be placed on the first floor while maintaining the residential status of the building and create affordable housing on the top three floors, potentially as a residential care apartment complex. Assisted living could be mixed with a subsidy such as project based vouchers. Masterson passed around an adaptive floor plan to explain the potential. HA Maintenance would have plenty of room to store tools and equipment and the basement would be available to store siding, doors, windows and supplies. The building will need a lot of remodeling work. The next 1-2 months should tell whether or not enough tax credit money can be raised to make the Pleasant Acres deal viable. The County will also need to be agreeable to a long-term capital lease for the building. Because all of this means the HA would be doing three different tax credit deals at the same time, it was decided to delay acquisition of family properties that are currently on the market in Neenah and Menasha until 2011. The HAP contract for those sites doesn't expire until 2012 or 2013. So, the current owner may be willing to hold onto the property for a while yet.

b.) Proposed Housing Revenue Bonds Issue in 2010

Mr. Masterson explained that the HA has the authority to issue revenue bonds. Investors do not have to pay tax on income from these bonds. Lutheran Homes of Oshkosh has approached the HA wanting to sell revenue bonds using the HA's authority to build a west campus. It would be a hold harmless issue. This would be a \$9.375 million dollar bond issue. The HA would earn fees for issuing the bonds for Lutheran Homes. The new west side campus is slated to be built between Clairville Road and Oakwood Road on Witzel Avenue and site work is already apparent.

c.) Affordable Housing News

Affordable housing news hasn't changed much. The House and the Senate both passed a housing bill and are making good progress on working out the differences. There hasn't been much progress, however, on SEVRA. HUD has now released the Choice Neighborhoods legislation and regulations. HUD and the Obama administration want to replace the Hope VI program with Choice Neighborhoods Initiative. The Senate funded Choice Neighborhoods and did not fund Hope VI, but the House funded Hope VI and not Choice Neighborhoods. There has also been some effort toward appropriations legislation for the national housing trust fund. It had been approved last year and the regulations were supposed to have been written by September.

Mr. Masterson distributed a schedule of the holiday parties at the buildings and told the commissioners they were welcome to attend any of the festivities they would like to. If commissioners wanted to attend any of the parties, they should contact the social worker listed for that building to let them know they were planning on attending.

Mr. Masterson informed the board that one of the OHA board members has an ongoing conflict with Monday meetings making his attendance at the OHA Board meeting almost impossible, but he could attend if the meetings were moved to Tuesdays. Masterson suggested that the 2010 meeting schedule could possibly be changed to 3:30 joint meetings with both boards. Masterson stated that if there was still support for that, he would push Foley & Lardner to get the paperwork done to allow for a joint board. Chairman Norton indicated that he would be willing to switch days and have the WCHA Board meet on Monday and the OHA Board meet on Tuesdays, but he would not support joint meetings on Tuesdays at this time. Chairman Norton would consider joint meetings if they were held on Mondays. Wednesdays are also a possibility for meetings.

Chairman Norton inquired about training. Masterson said that he would like to get HUD to come up and do training for commissioners in this region, and that 2010 national training calendars usually showed up in December.

- 7.) There being no further business or discussion, Chairman Norton called for a motion to adjourn. M. Schallert moved, seconded by Ms. Maehl to adjourn the meeting. Motion carried 4-0. The meeting adjourned at 5:08 p.m.

Respectfully submitted,

BRAD J. MASTERSON
Executive Director
Winnebago County Housing Authority

APPROVED