

WINNEBAGO COUNTY HOUSING AUTHORITY MINUTES

Tuesday, October 27, 2009

Marian Manor, 3:00 P.M.

COMMISSIONERS PRESENT: Mike Norton, Chairman
 Patty Maehl, Vice Chairman
 Karen Keller
 Rebecca Hackett
 Richard Schallert (arrived during Finance Report)

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 3:04 p.m.
- 2.) Chairman Norton directed the Commissioners to review the minutes of the regularly scheduled board meeting held on August 25, 2009. There being no comments or questions, Ms. Keller moved, seconded by Ms. Maehl, to approve the minutes of the August 25, 2009 meeting. Motion carried 4-0.

3.) **Finance**

a.) Accounts Payable Report for August

Chairman Norton inquired if there were any questions pertaining to the August accounts payable report that had been included in the packet. Mr. Masterson and Ms. van Houwelingen explained that the payment to US Bank Trust was a mortgage payment and the Community Housing Coordinator payment was for Mary Bach's services. The checks to Schmitt Title & Adrein Holtzman trace to the expenses for the house that the high school students had built.

b.) Accounts Payable Report for September

Chairman Norton inquired if there were any questions pertaining to the September accounts payable report that had been included in the packet. There were no further questions pertaining to the Accounts Payable reports.

c.) FASS Reporting Follow-up

Ms. van Houwelingen explained that FASS stands for Financial Assessment Sub-System. The 2008 audited, as well as the 2009 un-audited, financials were submitted before the FASS system format changed. So, everything has been submitted that can be submitted at this time. The auditors are still working on the audited 2009 financials. Cumberland Court's audited financials have also been submitted in their financial sub-system which is different software. Mr. Masterson explained that Ms. van Houwelingen has spent several hours on other new reporting issues as well. Federal reporting requires that any stimulus money received under the American Recovery Act must be reported. This reporting requires the HA to have a Dunn's number and to register in CCR among many other requirements. OHA has been reported, but reporting for WCHA was more problematic. Public Housing reporting has been done. A letter was received on September 28, 2009 from HUD Multi-Family stating that half of the money received for Cumberland Court's HAP was stimulus money and needs to be reported in the federal reporting system. However, there was a problem with Cumberland Court not having an active Dunn's number which is required for the reporting. The issue is being worked on and HUD Milwaukee is aware of the situation.

Commissioner Schallert then led a lighter moment with a football trivia quiz before moving along on the agenda.

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

a.) Old Business – Update on Potential Office Sites

Mr. Masterson reported that the rumor that the HA may be moving with the County into the Oshkosh B'Gosh building are not true. The Masonic Temple option is still on hold. Because the Court Tower deal didn't proceed in 2009, the HA didn't earn the developer fee that was expected which diminished the amount of money available for the work required at the Temple. Masterson is looking into New Market Tax Credits for helping business enterprises. These tax credits are not allocated by state, they would be competed for nationally. A realtor contacted us about the Wagner Opera House as well as a few other properties. The Wagner Opera House doesn't fit our needs very well, but a property on Oregon Street has some possibilities.

Pleasant Acres has also been visited. Mike Elder provided copies of the floor plans for the HA. Different options are being investigated. Pleasant Acres is currently zoned residential so part of the building could be converted into apartments for assisted or independent living without triggering a complete update to current codes. The building would need a new heating system, the asbestos flooring removed and the tunnel needs to be shut down. The HA would take over the first floor and the top three floors would be renovated into apartment units. The site would be okay for maintenance department needs and provide more than enough storage space. It is unclear as to whether Pleasant Acres or the Rehab pavilion is scheduled to be knocked down for the development of a retainage pond. Additional information needs to be acquired, but on first look, it would probably take substantial cost and remodeling to be viable for our uses. A concern is that after 2010, the extra tax credits that were available due to being in a flood area will go away and the loan markets are still difficult. This site is not a top priority for the HA and it is unclear as to how long the county is willing to wait to make a decision on what to do with the building. The project would take a lot of work and the Foxview and Riverside renovation has to be the top priority.

b.) Public Housing

i. Menasha Forty Family Renovations Update

Mr. Masterson explained that Menard's wouldn't sign the contract and Home Depot was now not the lowest responsible bidder. Pro-Build is now the vendor for the Forty Family Renovation project. The permits have been issued for phase one. The first ten units will be done by Spring. Plans and specifications are now being prepared for porches, roofing and central air conditioning. Approximately \$18,000 in stimulus money was surrendered because the HA didn't expend it all prior to the deadline.

Mr. Masterson went on to report that the FAST Team was hauling some brick and lost control of the trailer which then jack knifed and spilled some concrete on Jackson Street. The ticket that our employee was initially issued wasn't prosecuted but the trailer was totaled. The insurance covered the full cost of the trailer and a new trailer was purchased and this time a stabilizer bar was installed to improve control.

The intent to sell off the four and five bedroom units has been shelved. The HA is transferring current tenants that are in smaller units, but require larger units under the occupancy standards.

ii. South Park Conversion Submitted to HUD

Mr. Masterson explained that the South Park group home hasn't been a duplex for years. It became a single home with six bedrooms, but the official paperwork only now is submitted for HUD's approval. The conversion started back in 2005 when a leak started ruining the floor which required the HA to start tearing the units apart. At that time the group home wasn't using one of the kitchens. So, professional plans were drawn up and the sun room added with divider walls between the units removed.

iii REAC Inspection for PHAS

Mr. Masterson reported that physical inspections are in progress and reportedly going well. The scattered site inspections are done and had few issues. There was an issue with a fire extinguisher at the Menasha office which has since been resolved. One level three deficiency was found at Fiesta Court. The inspector mentioned that the units are remarkably improved from last year thanks to Anne and her team's effort. The commissioners were reminded that this is a non-scoring transition year.

Mr. Masterson also mentioned that the OHA was not awarded any money on the CFRC applications it submitted. Approximately 1,783 applications were filed resulting in 396 awards. HUD has not disclosed in what categories the money was awarded. Recently, Mr. Masterson spoke with the Assistant Secretary of the Milwaukee Housing Authority. She has already filed a Freedom of Information request with the federal government demanding the scores for all applications and all categories. Masterson e-mailed her asking her to forward this information to him when she receives it.

c.) Assisted Housing**i. River Cities LLC****▪ Tax Credit Sales Update**

Mr. Masterson reported that Great Lakes Financial had backed out of the Foxview & Riverside deal. However, there is another serious anonymous investor looking at the deal. In addition, Virchow Krause, which is now Baker Tilly, contacted the HA. They are interested in the inside track for the Court Tower deal next year and are looking to get their foot in the door by participating in the Foxview/Riverside deal. WHEDA is stressing that deal needs to close by the end of the year.

▪ Fee Submission, TCAP Expansion, Exchange Prospects

Mr. Masterson went on to explain that to date, the HA now has \$64,000 in fees paid into the deal to keep it alive which are all recoverable when an investor signs on. Even if none of these investors work out, by remaining in the queue next year, the HA would be eligible for TCAP or Exchange money as one of the deals that didn't get funded in 2009. Four million dollars is what is budgeted to complete the Foxview and Riverside renovations.

▪ Permanent Financing Approved by Winnebago County Board

Mr. Masterson announced that the County Board came through agreeing to allow the HA access to permanent financing for Foxview and Riverside for just over \$1,000,000. Their commitment provides a lower interest rate which should save the HA \$400,000. Masterson went on to report that he has met with two architects and expects to share preliminary plans with the residents to get their thoughts. Currently there are not enough vacancies. The first big decision is probably garages and that will impact which site goes first. The HA will probably go back to the City of Omro to discuss options.

Ms. van Houwelingen noted that the HA is renewing its HAP contract for 20 years for Foxview and Riverside which will help assure an investor that the property will cash flow.

d.) Housing Choice Voucher Program Update

Mr. Masterson explained that the HA did not send out notices to the participants lowering the payment standard and increasing their portion of the rent. Based on the October HAP, it looks as if the HA will just make it or at least be close enough that the HA will be able to pay the difference and not burden the tenants. The HA just expanded the local commitment to pay for those clients that are less than \$100 in housing assistance per month. The program will still be hard pressed to come under our unit count for the year, but in dollars it should come out pretty close. Letters could still go out changing rents for December if the numbers don't look good at the end of October. Approximately 600 of the 1700 agencies that have a voucher program are in the same position that the HA is in and there have been moves by HUD and Congress to authorize some short term expenditures to fix this problem. HA staff is currently meeting with voucher applicants to get them lined up and ready to get assistance as of January 1, 2010 so the program is as close as possible to having all of the HA's 413 vouchers issued. The HA has not reissued Vouchers since January to get the numbers down as the program was over-subscribed. Currently, only about 380 of the 413 available vouchers are issued. Masterson explained that 75% of the vouchers must go to residents that are extremely low income which is 30% or less of county median income. HUD now wants all HAs to go back to October 2008 and check their VMS numbers because of the mess HUD has created.

e.) NSP Contracting and Implementation

Masterson reported that the HA's signed NSP (Neighborhood Stabilization Program) contract has gone back to the state. This money was awarded under HERA and doesn't require the extensive federal reporting discussed earlier. Mary Bach has had one closing under NSP and two Habitat lots in Menasha are almost done. The problem is with the City of Oshkosh who recently separated from several employees including some in the Community Development area. On the City's behalf, the HA applied for \$520,000 for them to use and now everything is on hold while the City re-staffs. Part of the City's money, \$225,750, was for a program with Neighborhood Works developing rental opportunities. The City was to purchase foreclosed \$1.00 houses from HUD, give those houses to Neighborhood Works, then Neighborhood Works was going to use NSP money to fix up the houses and then rented out as affordable rentals. He is working with the City now to resolve how the goals would be achieved and whether the City will defer some or all of the work to the Authority. Masterson explained that it was critical that the City do the \$1.00 acquisitions to make the rental piece of the program work. The City has already made some commitments to Habitat on a Broad Street house that is under construction. Masterson told the City that he needs to know soon how they intend to proceed because the State wants to know where the City stands on all of this as deadlines are fast approaching. Masterson suggested that the City let the HA manage the rental renovations and use the \$220,000 in Home Buyer funds. The HA has had expenditures that the state has not reimbursed yet and they won't until the sub-contracts are signed and submitted. After the City's signed contract is returned to the state, the HA may ask the state to modify the census tracts so they are less restrictive.

f.) Commercial Leasing – CBRF's

Mr. Masterson stated that the HA had a meeting with the Department of Human Service. The HA has five group homes and that three of them are the county's. When the county moves to the Lakeland Care District in 2010, the county will lose some control of contracting for elderly and disabled care. The contract relationship for Greenfield Group Home will need to change with the appearance of Lakeland. This will not affect Silvercrest and Summit House Group Homes. The agreement with the county will go away. The HA will need to contract with individual entities like clarity Care, Lutheran Social Services, etc for each of the buildings.

g.) Exploring Build America Bonds for Refinance, Acquisition and New Construction

Mr. Masterson explained that Cumberland Court is an issue from a long term financing standpoint with a 2013 balloon payment coming due. The Menasha Woods Apartments in Menasha, which is similar in size and type to Cumberland Court, is for sale. It includes the Neenah Court Apartments which has 24 two bedroom units in Neenah which is something the HA currently doesn't have. Build American Bonds or tax credits could be used to purchase the properties. The Build America Bonds are more attractive. These bonds are part of the stimulus package that allows a for-profit entity to take a tax deduction for 1/3 of the cost of the interest. It also allows non-profits to get that same 1/3 cost reduction by giving a tax refund on taxes it didn't pay. So, if there is a 6% interest rate on the HA's loan, the HA could apply to the IRS for two points in tax recovery and the IRS would actually pay the HA that money to reduce the cost of borrowing down to 4%. Tax credits will become harder to get and the Build America Bonds will go away after 2010. The City of Neenah still wants the HA to consider building workforce housing on some property in Neenah. It may be possible to do it if this project and the refinancing of Cumberland Court and the Group Homes are all wrapped up in one large bond issue. It is estimated that \$10 - \$15 million would be needed to finance all of these projects. Masterson expressed an interest in collaborating with the Milwaukee Housing Authority in a large issue of Build American Bonds they are considering. Ms. van Houwelingen commented that HUD states that the Neenah and Menasha properties look good from a compliance standpoint though the Neenah property is connected to a property in Janesville which will have to be dealt with.

h.) Personnel Matters

Mr. Masterson explained that the Finance Director position has been posted. Many applications have been received. Ms van Houwelingen reviewed the applications and forwarded the best ten to Mr. Masterson for consideration. The position of a Facilities Manager was not advertised because the funds applied for in the Capital Fund Recovery Competition were not awarded.

The HA received information on what health insurance will cost for 2010. Because of the amount of the increase in premiums, the employee share of the premium cost was increased from 5% to 10% which essentially shifted \$30,000 of the estimated \$80,000 cost increase to the employees. For the employees, this means that monthly premiums for the employee's share will go from \$28 to \$60 for a single plan and family plan will go from \$69 to \$150. Ms. van Houwelingen explained how tier pricing works for the State's health insurance program. In the past, the employee's share of the premium was deducted out of the first payroll of each month. When the increase goes into effect, the employee's premium share will be split into two payments, half out of the first payroll of the month and the other half out of the second payroll of the month. The employees were very understanding about the situation as this prospect was discussed following the 2009 COLA. Agency costs were also pared with Masterson shifting to his spouse's plan and the transfer of another employee from a high cost plan to a lower cost plan. Ms. van Houwelingen added that the State of WI has now implemented Domestic Partnership benefits. So, if an employee has a domestic partner, same or opposite sex, that employee can now add that domestic partner and his/her children to the HA's Health Plan which could drive up costs even further. However, if those persons that are added to the health plan are not listed on the employee's tax return as a dependent, the employee will have to pay taxes on the portion of the premium attributed those persons as it is considered income for the employee.

5.) Discussion**a.) Conference & Training Reports**

Mr. Masterson attended the national NAHRO conference in Washington D.C., but was not at all pleased with the conference and his survey response reflected such. Ms van Houwelingen reported that three staff persons went to Chicago for training to get their Certificate for Certified Occupancy Specialist. All three people passed the course and got their certificates, but the training was highly criticized and the HA will be writing to NCHM, the group that presented the training, to complain and request some of the fee back that was paid to them. Tom and Su also went to a free asset management training in Chicago put on by HUD. Su described this training as phenomenal. The training was presented by private sector management people. They had answers for all questions and walked the group through the process. Brad, Su and four other staff persons went to the WHEDA conference. All in attendance agreed that the conference went very well. Many good contacts were made with the investors that were there including National Equity Fund which is critically important. Mr. Masterson directed the commissioner's attention to the PHADA 2010 Commissioners Conference handout that was included in their packets. The HA has a travel budget to meet the attendance costs if a commissioner wishes to participate. The conference will be held in Tampa, Florida from January 11-13, 2010. Any commissioner who is interested in going should contact the HA by 7 December.

b.) National, State & Local News Related to Affordable Housing

Mr. Masterson stated that the only national news he has to pass along is on the appropriations bill. There is a continuing resolution nationally that allows the government to continue to operate until Halloween. The discussion currently is that there will be a continuing resolution passed to allow the government to continue until mid December. The Transportation and Housing bills have already been approved by the Senate and the House. So, there is a conference committee informally working on resolving issues. The belief is that it will be approved irregardless of the continuing resolutions. Congress still doesn't have SEVRA done, but they still plan to. The biggest argument that needs to be settled is that the administration is pushing for a new program that would replace the Moving to Work program. Currently, there are no Moving to Work agencies in Wisconsin. When queried about the status of his leave, Mr. Masterson stated that he hasn't re-evaluated his calendar yet and would schedule the special meeting if he needs consideration. Also, regarding the Marian Manor Renovation Celebration, Dedication & Open House, all WCHA commissioners are encouraged to attend if they are available.

c.) Engaging Community Support

Commissioner Schallert inquired as to how to engage the community more. One possibility he thought of is service clubs. Service clubs are always looking for good speakers and commissioner Schallert asked if Mr. Masterson would be willing to speak at some of these groups and Masterson said that he would. Commissioner Schallert stated that he feels the Housing Authority is a large scale operation, a lot of good work is done here and it's important that others know about it. Mr. Masterson also touched on services that are offered to the residents. Masterson stated that the HA has a social worker that is specifically assigned to Foxview and Riverside who could facilitate services to be brought into the buildings. Chairman Norton also mentioned that a commissioner from the Oshkosh Board, Bob Poeschl, held a listening session at Court Tower. One thing that came out of that session is that there is no public access for those residents to watch the city or county board meetings because Court Tower and Mainview have satellite dishes, not cable T.V. which is where the city government access channel is provided. Chairman Norton inquired as to the possibility of getting cable just in the community room at Court Tower and Mainview so that those who are interested could watch council meetings on the cable access channel. Mr. Masterson responded that it may be do able as only basic service would be needed to each of the two buildings. Commissioner

Hackett suggested that perhaps the residents of those buildings could be surveyed to see how much interest there would be in this service.

- 6.) There being no further business or discussion, Chairman Norton called for a motion to adjourn. Ms. Maehl moved, seconded by Mr. Schallert to adjourn the meeting. Motion carried 5-0. The Meeting adjourned at 5:20 p.m.

Respectfully submitted,

BRAD J. MASTERSON
Executive Director
Winnebago County Housing Authority

APPROVED