

MINUTES
GREEN BAY HOUSING AUTHORITY
Thursday, April 17, 10:30 a.m.
1424 Admiral Court, Second Floor Reading Room
Green Bay, WI 54303

MEMBERS PRESENT: William VandeCastle – Chair, Sandra Popp - Vice Chair, Brenda Goodlet, Brad Hansen

MEMBERS EXCUSED: Ann LaHaie

OTHERS PRESENT: Robyn Hallet, Stephanie Schmutzer, Nikki Aderholdt, Ka Vang, Kim Flom

APPROVAL OF MINUTES:

1. Approval of the March 27, 2014, minutes of the Green Bay Housing Authority

A motion was made by S. Popp and seconded by B. Goodlet to approve the minutes of the March 27, 2014, meeting of the Green Bay Housing Authority. Motion carried.

COMMUNICATIONS:

None

OLD BUSINESS:

2. Discussion and possible action regarding Mason Manor elevators.

R. Hallet explained that at the previous meeting, the Authority had voted to establish a restricted access fund for future replacement of Mason Manor's elevators. The current item of discussion is the initial dollar amount at which the fund would be established.

S. Schmutzer reported that the dollar amount would be designated under Committed Funds. She explained the Authority's current financials illustrate there is \$728,326 in reserves. The Department of Housing and Urban Development (HUD) recommends housing authorities hold six-month's worth of expenses in reserves, which for GBHA would be about \$426,000, leaving approximately \$300,000 which could be committed to projects such as the elevators.

B. Hansen asked if once the funding was transferred to a special project designation, and if it is removed from the reserves projection. S. Schmutzer stated that this was correct. The current state of financials illustrate that the Authority was holding a \$300,000 surplus that would either need designation or could be at risk of recapture by HUD.

W. VandeCastle inquired if the Authority should exercise caution when designating funding to special projects: Do we have to be careful about taking too much out, at risk of limiting ourselves in some other area? He asked if there were any other important funding commitments that should be considered.

S. Schmutzer replied that the Scattered Sites represent an ongoing funding commitment, which the Authority should take into consideration when designating funds.

S. Popp inquired if the Authority would be able to utilize funds once they were designated as Committed Funds.

B. Hansen stated that he interpreted that the funds would be inaccessible after being designated as Committed Funds. S. Schmutzer confirmed this is correct; the funds could only be uncommitted by Authority action.

N. Aderholt clarified that the Authority could transfer any amount of surplus funds from Mason Manor to Scattered Sites. This has been done in the past.

S. Popp stated that the Authority now had a choice between keeping the funds designated as a surplus with the option to transfer, or to commit the funds to the specific elevator replacement project.

N. Aderholdt clarified that any amount up to the total could be committed.

S. Schmutzer stated that the surplus amount was a six month expense forecast based on the previous year's expenses. Her recommendation was that the Authority not commit the full amount to elevator expenses. Instead she recommended the Authority commit half of that amount, \$150,000, and save the other half for unforeseen Scattered Sites expenses.

S. Popp inquired when the financial review (by HUD) would take place. S. Schmutzer replied that it could happen at any time. HUD will examine the Authority's financial information and could recapture surpluses. The end of June is the end of the fiscal year, and the finances would be examined in August.

S. Popp inquired if S. Schmutzer's recommendation was to transfer \$150,000 into Committed Funds, and then wait until June to possibly transfer more.

W. VandeCastle asked for the estimated cost of the Mason Manor elevator replacement. S. Schmutzer reported that the cost is estimated at \$250,000 per elevator, or \$500,000 for both. The Authority has Capital Funds at its disposal for this project, but that funding expires. The Authority had four years from receiving it to expend it, and two years to commit it. The Authority currently has approximately \$100,000 from Capital Funds designated for elevator maintenance.

R. Hallet inquired if the funding designation of elevator "maintenance" would be incompatible with using the funds for elevator replacement. S. Schmutzer stated that the funds could be used for elevator replacement.

N. Aderholdt stated that due to the emergency nature of elevator replacement, it should not be a problem.

B. Hansen asked if the \$300,000 typically transferred to Scattered Sites is spent on an annual basis.

S. Schmutzer clarified that specific costs often overlap the fiscal year cycle and the figure is an approximation.

S. Popp inquired as to the reason why both elevators were scheduled to be replaced at the same time.

R. Hallet replied that this will most likely result in a cost savings. The elevators would not be simultaneously disabled.

N. Aderholdt stated that it was the judgment of Mason Manor's maintenance person that both elevators would become disabled within a similar period of time, thus both elevators should be scheduled for replacement at the same time.

W. VandeCastle asked if there was a timeline for completing the project.

R. Hallet explained that the elevators are still functioning, albeit more unreliably and with more malfunctions.

N. Aderholdt stated that the elevators are getting old and the parts for replacement/maintenance are becoming increasingly rare and expensive.

W. VandeCastle inquired if a five-year time period made financial sense for establishing the Elevator Replacement fund. What would future designations look like if the Authority made an initial designation of \$150,000? How long would it take to gather the complete amount necessary for the project?

S. Schmutzer stated that this was dependent on future budget allocations. Deciding factors include rent levels and HUD funding.

B. Hansen inquired if it was partially dependent on the vacancy rate.

N. Aderholdt clarified that in some cases the GBHA still receives a subsidy for vacant units. It is difficult to forecast future costs because of fluctuating water, electrical, and gas prices. In some cases the GBHA must pay out to compensate for tenant utilities.

S. Popp outlined a tentative plan for funding the elevator replacement. If the Authority made an initial designation of \$150,000, another \$100,000 could possibly be designated in June. Another \$75,000 could be designated twice during the next two years, bringing the level of funding to an acceptable level.

W. VandeCastle stated his desire to see the project covered in the budget over the next three years.

S. Popp made a motion and seconded by B. Goodlet to transfer \$150,000 from reserves and designating it to Committed Funds for the replacement of Mason Manor's elevators.

B. Hansen inquired if the Committed Funds should require an elevator replacement designation.

S. Popp amended her motion to designate the Committed Funds as Committed Elevator Funds.

W. VandeCastle asked if that fund will have its own specific line item in the budget.

S. Schmutzer clarified that it will be included as part of an equity line.

Motion carried.

NEW BUSINESS:

3. Discussion and approval of changes to Chapters 1-5 of Admissions and Continued Occupancy Plan.

N. Aderholt presented information on the changes to Chapters 1-5 of the Admissions and Continued Occupancy Plan (ACOP). She noted there were not any significant changes, mostly modification in wording.

W. VandeCastle inquired if the word "preferences" was the best choice when stating "the applicant will be placed on the waiting list according to preferences." Perhaps a word like "criteria" would be more appropriate.

N. Aderholdt and R. Hallet clarified this word choice came directly from HUD and thus would not be changed.

B. Hansen made a motion seconded by W. VandeCastle to approve of the changes to Chapters 1-5 of Admissions and Continued Occupancy Plan. Motion carried.

4. Discussion and approval of Resolution No. 14-02 for HUD-required revision to flat rent schedule.

R. Hallet explained that in the Omnibus Appropriations bill that was passed in January. Included was a provision that housing authorities must set their flat rents at no less than 80% of HUD's Fair Market Rent. Housing Authorities are required to revise their flat rent schedules by June 1, 2014. This affected the units in Mason Manor. Mason Manor has two different sized one bedroom units, but because both sizes are considered a one bedroom. The Authority must set the flat rent for the small size at 80% of the FMR. This results in an increased rent for the smaller units of approximately \$40.00, to \$412.00. Staff is proposing that for fairness, the larger one bedroom rent should also be increased a similar amount, from \$409 to \$442. The rent of the two bedroom units would be increased to \$545.00.

S. Popp inquired as to how much of an actual increase the tenants will see.

N. Aderholdt explained that if a resident is paying a flat rent, they do not receive a subsidy, so in most cases they will incur the full increase.

S. Popp asked what happens to tenants who do receive a subsidy.

N. Aderholt stated that the increased flat rents have no bearing in those cases since they strictly pay 30 percent of their income for their rent.

S. Popp asked how many tenants at Mason Manor are at the flat rent.

N. Aderholdt replied that there are about a dozen.

B. Hansen stated his agreement with the proposed differences between the large one-bedroom and small one-bedroom units. The GBHA did not really have a choice in the matter. He inquired if there was a way to communicate this to the residents.

N. Aderholdt explained that she would inform the tenants at the time of their annual reviews. She explained that almost always, a tenant would choose the income-based rent if 30 percent of their income is less than the flat rent.

R. Hallet clarified that if a tenant pays the flat rent initially; however, can switch to income-based rent if their income decreases. Once they switch, and if their income increases again, their rent will not cap out at the flat rent rate, but rather they would continue to pay 30 percent of their income even if it's more than the flat rent. Some tenants may elect flat rent if they know their income has the potential to increase. She further explained that historically the Authority set the ceiling rent and then the flat rent was calculated by subtracting the utility allowance. Mason Manor residents don't have a utility allowance; this only applies at the Scattered Sites. The flat rent amounts for the Scattered Sites are still above the new 80% FMR minimum, so no changes to rents are needed at this time for Scattered Sites. At some point, the GBHA may eliminate the ceiling rent since ceiling rents are no longer used by HUD.

S. Popp made a motion and seconded by B. Hansen to approve Resolution No. 14-02 and place on file. Motion carried.

INFORMATIONAL:

5. Report on Tenant Accounts Receivable collected through TRIP.

N. Aderholdt reported that the amount of funds recovered through TRIP thus far in 2014 totaled \$11,142.00. Some accounts had been resolved paid off as a result of their interception.

B. Hansen asked how far into the past housing authorities were able to go to recover owed funds.

N. Aderholdt stated that they had gone as far back as 2001.

W. VandeCastle pointed out that the recovered funds were only coming from the former tenants' State taxes and not their Federal refund.

N. Aderholdt stated that the program had been very successful in recovering funds owed to the GBHA.

B. Hansen made a motion and seconded by W. VandeCastle to accept and place on file. Motion carried.

6. 2014 Capital Fund Program.

R. Hallet reported that the 2014 Capital Fund amount of \$189,969 was a slight increase over last year's amount. Included in the packet was a chart showing the change in the amounts over the years. She explained the GBHA could utilize the funds between Mason Manor and the Scattered Sites at its discretion, but they had to be on projects previously approved in the 5-year Plan.

S. Schmutzer shared a handout indicating the spending allocations determined necessary by staff for the 2014 Capital Funds.

R. Hallet pointed out that the Authority will be required to prepare a Green Physical Needs Assessment (GPNA), newly required by HUD. The GPNA will be a twenty-year projection of capital needs and could be at least partially paid for by the Capital Fund Program. There have been a wide range of cost estimates for the GPNA. The cost was not included in the proposal for allocating the 2014 CFP until the range can be narrowed down.

S. Popp made a motion and seconded by W. VandeCastle to accept the 2014 Capital Fund Program information and place on file. Motion carried.

FINANCIAL REPORT AND BILLS:

S. Popp made a motion and seconded by B. Hansen to accept the Financial Report and place on file. Motioned carried.

W. VandeCastle made a motion and seconded by B. Goodlet to accept the Bills and place on file. Motioned carried.

STAFF REPORT:

7. Langan Investigations report for the month of February.

R. Hallet pointed out an error on the agenda; the Langan report is for March, not February. She explained the report as presented in the packet.

W. VandeCastle made a motion and seconded by S. Popp to accept the March Langan Investigations report and place on file.. Motion carried.

8. Occupancy Report.

N. Aderholdt reported the current and upcoming vacancies and that there is a substantial waiting list.

S. Popp inquired if it usually takes less than a month after departure to prepare a vacated unit for occupancy.

N. Aderholdt explained that this is correct if the unit is only in need of standard cleaning. If the unit is in need of more substantial construction or rehabilitation work, it may take longer and thus would be taken "off line", in which case it does not negatively affect the occupancy rate.

R. Hallet clarified that a unit may only be taken offline for contracted rehabilitation work; it cannot be designated as offline for regular staff maintenance or turnover preparation.

N. Aderholdt clarified that a unit can be designated offline for work performed under a work order.

S. Popp inquired how long the vacated units are empty before new tenants move in.

N. Aderholdt explained that staff is efficient in turning over a vacated unit, but other factors such as the next tenant's availability to move in, can sometimes lead to a unit being vacant for over one month.

S. Popp stated that the GBHA's vacancy rate is superior compared to other housing authorities.

R. Hallet replied that the vacancy rates are better compared to some of the more rural areas, but there is still room for improvement according to HUD.

S. Popp opined that 98% is an extremely high goal.

R. Hallet explained that the occupancy rate goals are set by HUD and affect our scoring. HUD's number one priority goal is to increase utilization across the nation within both Public Housing and Housing Choice Voucher and HUD is therefore pushing housing authorities to increase utilization. The longer units are left vacant, the longer needy families must wait for receiving assistance.

S. Popp stated that it was understandable that a unit would take 30 or more days to fill, because many prospective tenants must give their current landlords a 30 or 60 day notice.

R. Hallet explained that in a recent conversation with a HUD representative, he shared that he was formerly a property manager and they would routinely turn a unit around within 24 hours.

S. Popp stated that a situation like that is not well-suited for Mason Manor because prospective Mason Manor tenants are on wait lists and must often give notice to their current landlords.

R. Hallet stated that her contact at HUD had suggested increasing departure notice time to assist in getting units refilled more quickly.

W. VandeCastle stated that on the property management side, property owners know when a lease is up. Often property owners require a 60-day notice. In this scenario, rehabilitation projects can be scheduled in advance. Some property owners even physically begin rehabilitating the unit while tenant is moving out.

N. Aderholdt stated this may not be practical for Mason Manor's residents.

S. Popp agreed that a 60-day notice requirement could be helpful.

W. VandeCastle stated that some of Mason Manor's residents must depart within a relatively short amount of time due to health and medical issues.

S. Popp made a motion seconded by W. VandeCastle to accept the March 2104 Occupancy Report and place on file.. Motion carried.

B. Hansen asked if March's occupancy rates are an accurate predictor of April's.

N. Aderholdt replied that this was correct.

B. Hansen inquired if a unit can be offline more than once per year.

N. Aderholt replied that this was possible.

R. Hallet formally introduced Kim Flom to the Authority. Kim Flom, the Community Development and Planning Director for the City of Green Bay, made introductions and gave a brief background.

S. Popp made a motion seconded by B. Goodlet to adjourn. Motion carried.

Meeting adjourned at 11:35 a.m.

caa:rah:jd