

MINUTES
BROWN COUNTY HOUSING AUTHORITY
Monday, September 21, 2015, 3:00 p.m.
City Hall, 100 N. Jefferson Street, Room 604
Green Bay, WI 54301

MEMBERS: Ann Hartman–Chair and Corday Goddard

MEMEBRS EXCUSED: Sup. Andy Nicholson-Vice Chair, Tom Deidrick, Adam DeKeyser

OTHERS PRESENT: Robyn Hallet, Kim Flom, Stephanie Schmutzer, Matt Roberts, and Zaland Wardak

APPROVAL OF MINUTES:

1. Approval of the minutes from the August 17, 2015, meeting of the Brown County Housing Authority.

A. Hartman stated that no votes can be casted on any items, due to the fact that there was no quorum for the meeting.

COMMUNICATIONS:

None

REPORTS:

2. Report on Housing Choice Voucher Rental Assistance Program:

- A. Preliminary Applications

M. Roberts stated that for the month of August, there were a total of 269 preliminary applications.

- B. Unit Count

M. Roberts mentioned that for the month of August, there was a unit count of 2,863.

- C. Housing Assistance Payments Expenses

Per M. Roberts, the HAP expense for August totaled \$1,130,011.

- D. Housing Quality Standard Inspection Compliance

There were 352 inspections conducted, of which 150 units passed the initial inspection, 76 units passed a re-inspection, 91 units failed, and 35 units resulted in a no-show. M. Roberts mentioned that the number of inspections have been low due to the fact that three years ago both of the inspectors left ICS in the same month and thus ICS conducted fewer inspections that month. Since each year the annual inspections are conducted a month early than the previous year, the month in which fewer inspections took place moves up.

- E. Program Activity/52681B (administrative costs, portability activity, SEMAP)
For the month of August, there were 127 port-outs at an associated HAP expense of \$107,478. ICS was overspent by \$871.99. FSS was underspent by \$4,441.10. The FSS account was under spent mainly due to the resignation and therefore unpaid salary of ICS's Solutions Specialist. M. Roberts mentioned that ICS has hired a new Solutions Specialist. They are very pleased with their new hire.
- F. Family Self-Sufficiency Program (client count, escrow accounts, graduates, participation levels, new contracts, and homeownership)
There were 79 active FSS clients for the month of August. This is the highest monthly total of clients for the FSS program since the end of 2013. M. Roberts mentioned that the number of lease-ups has increased. This is one of ICS's main goals as they try to increase their success rate to above 50 percent. M. Roberts stated that 57 percent of the participants are in level one, 16 percent are in level two, 14 percent are on level three, and 13 percent on level four. There were two new FSS contracts for the month of August. There were no graduates but there is some pending for this year. M. Roberts mentioned that there are currently 34 participants that have escrow accounts. There are currently 57 homeowners in the HCV Homeownership Program.
- G. VASH Reports (active VASH, and new VASH)
M. Roberts reported that there were no new VASH clients for the month of August. Although this might seem unproductive, ICS has been working hard to fill vacancies in the Veterans Manor residency. The number of tenants allocated to or housed at Veterans Manor is not included in count for the VASH report. Veterans Manor and the VASH count have been kept separate. There are 28 active VASH clients. C. Goddard asked why the number for July showed 30 and the number for August showed 28. M. Roberts stated that ICS had lost two VASH clients. M. Roberts stated the reason for the decrease in VASH clients is unclear, but assumes that it is due to termination.
- H. Langan Investigations Criminal Background Screening and Fraud Investigations
For the month of August there were ten new investigations, nine previous investigations were closed, and seven investigations are still active. Langan processed 230 new applications, of which 224 were approved and six were denied. Ninety-five percent of the applications were from the City of Green Bay, four percent were from De Pere, and one percent was from Oneida. Eighty-one percent of fraud investigations were from the City of Green Bay, 13 percent were from the Village of Ashwaubenon, and six percent were from the City of De Pere.

3. Report on use of Administrative Reserves and HCV lease up.

M. Roberts reviewed the lease up information on the attachment. He expressed he is pleased with the limited amount of extra administrative expenses that ICS has utilized with the increased lease up, giving credit to salaried staff for really working more during this time. Overall, lease up is going well; they continue to make progress.

A. Hartman expressed concern with the number of port-outs for the month of August. C. Goddard asked if the Authority had received a response from letters they had sent to congressional representatives regarding the issue of portability. R. Hallet responded that of the three representatives to whom this letter was sent, one sent a letter in return and another called and spoke with her about the issue twice, which is positive. She also stated that HUD has recently issued a notice regarding changes to the portability regulations. At this point, R. Hallet was uncertain how much of an impact these changes would have for BCHA, but the fact that this notice has been released indicates HUD has been paying attention to the issue of portability.

OLD BUSINESS:

None

NEW BUSINESS:

4. Approval to suspend the rules to allow Tom Deidrick to participate in the meeting via a form of technology as a reasonable accommodation.
5. Approval of Audited Financials for FYE December 31, 2015.
6. Discussion and approval to award the Contract for Administration of the Housing Choice Voucher to the responsive and responsible vendor whose overall proposal offers the best value for the BCHA.
7. Discussion and approval to fund an additional internship position.

The Authority had to skip agenda items five through seven due to a lack of a quorum.

INFORMATIONAL:

8. Final Report and Memo of Office of Inspector General.

K. Flom explained that there are two items from the OIG in the packet: The first is the memo from OIG to HUD Milwaukee; the second is the final OIG Report. The biggest difference is that the memo does not require HUD Milwaukee to report back to the OIG, whereas the Report does require HUD Milwaukee to report back to the OIG for actions taken on the recommendations listed. This Audit took a total of five months to complete.

K. Flom expressed that, overall, the Authority did well in comparison to other Authorities. This is not expressed in the OIG Report because it is the OIG's duty to highlight and surface any and every flaw that an Authority might have. However, when compared on terms of fiscal responsibility and overall control and understanding of policy, the BCHA has proven to function as an above average Authority. She added that the OIG ended their audit in a very timely manner due to the low amount of errors

found. She also mentioned that Z. Wardak had put together a presentation of reports of other OIG audits in comparison to the BCHA. She stated that most Authority's misallocation of funds or inappropriate use of funds exceeded \$100,000 and some even exceeded \$1,000,000. Given that the BCHA's misallocation of funds totaled only \$56,700, the authority can be positively viewed as fiscally responsible, compared to other Authorities.

K. Flom continued her explanation of the OIG report by advising the members of the Authority to turn their attention to the memo in the report. K. Flom explained that in this memo the OIG is indicating that ICS should be following a particular set of regulations regarding administrative expenses, whereas HUD Milwaukee and ICS' own auditors have confirmed they should be following another set of regulations. The BCHA is still waiting on a final determination on what actions to take regarding this matter. R. Hallet added that this issue stems from the fact that ICS is a contractor of the BCHA. This has led to different interpretations of the regulations. The issue of the different interpretations of regulations by an Authority and its contractor might be resolved in the future via more defined regulations.

C. Goddard asked if this theme, the issue of different interpretations of regulations, has been the main contributor to the flaws highlighted in the OIG report. S. Schmutzer explained that the Federal Register states that the lunches ICS provided to their fellow ICS staff and other various parties is an allowable cost if a party is a Non-Governmental entity. The issue is that the OIG interprets ICS to be a Governmental entity due to the fact that they are contracted for their services. M. Roberts mentioned that the issue of potential misuse of funds in providing lunches totaled only to the equivalent of just \$600 in the span of two years.

K. Flom moved on to discuss the OIG Final Report. She stated that page four discusses the miscalculated housing assistance payments, pointing out that 15 certifications had incorrect utility allowances. This was due to a misunderstanding in how the Authority was interpreting the allowance provided for portable air-conditioning units. R. Hallet mentioned that the BCHA has since made the necessary changes to their Administrative Plan so that the written policy and the actual practice align with one another. K. Flom stated that there was no intentional abuse on the part of the staff, evident by the staff's swift efforts to make the necessary changes. She also pointed out that this one error accounted for half of the miscalculations, indicating consistency and the few number of other errors.

Next, K. Flom directed the Authority's attention to the section regarding lack of documentation to support households' eligibility. This item represents the amount of housing assistance payments that the BCHA has overpaid to its clients, which is where the majority of the \$54,000 comes from that the BCHA needs to repay to its own program. This amount is not entirely due to the miscalculation of payments but rather is largely due to missing documents necessary for OIG's validation. A. Hartman asked for an explanation on why certain documents were missing. R. Hallet explained that most of

the documentation found to be missing was old and therefore they were most likely misplaced or purged.

K. Flom concluded her explanation of the OIG Audit by reminding the Authority that a total of \$56,700 of misallocated funds is very good news, considering the size of the BCHA operations. K. Flom added that this report is the last of the documentation that the BCHA expects to receive from the OIG. The Authority will now await news from HUD Milwaukee in regards to their actions on the OIG recommendations.

K. Flom stated that Z. Wardak had researched regional Authorities for BCHA's reference and has provided highlights via presentation on each Authority researched. A. Hartman asked if the Authorities displayed in comparison to the BCHA are of comparable size. K. Flom stated that they are comparable in various ways, such as voucher size or population of the area within the jurisdiction of the Authority. There are no Authorities identical to one another in size or operation; therefore, an apples to apples comparison is not very likely. She stated that the total misallocation of funds for DuPage IL Housing Authority amounted to \$2,500,000. The total misallocation of funds for Moline IL Housing Authority, totaled \$330,000. She also shared that there were only two other Wisconsin Authorities available on the OIG website, the first being The City of Milwaukee Housing Authority and the second being The Oneida Housing Authority. The total misallocation of funds for the City of Milwaukee amounted to \$1,400,000. This was due to unsupported documents pertaining to the use of Federal and City funds. The Oneida audit revealed that the Authority's misappropriation of funds lead to abuse.

K. Flom stated that the OIG audit is a learning experience for the BCHA and in hopes of preventing similar mistakes in the future the Authority has made the necessary changes to their operations and regulations. Overall, she feels very good about the outcome of the Audit.

9. Results of Rent Reasonableness Quality Control review.

R. Hallet explained that this was a quality control review that HUD conducted on BCHA's rent reasonableness process. The purpose of the review was to provide the BCHA guidance, technical assistance, and to identify areas for improvement. The written report for this review is structured into four observations. The first observation is regarding the approved unit rents, exceeding comparable unit rents. Observation number two is regarding the date at which the Authority updates its information for its comparable units. The third observation is regarding the gap between the rent of comparable units and the assisted unit. The fourth observation is related to the location of the comparable units, noting that the average distance between the BCHA assisted units and the comparable units is about seven miles, which the HUD reviewer felt was too far

A. Hartman asked if this was a fairly good review. R. Hallet generally replied yes.

M. Roberts stated that HUD regulations in general are prone to subjectivity. This subjectivity leads to different interpretations by both HUD and PHAs. M. Roberts explained that the HUD reviewer has explicitly stated to the Authority that the average of three comparable units is to be used to identify the reasonable amount for assisted units, but that there is no explicit language in the HUD regulations requiring this. M. Roberts stated that the criteria for selecting a comparable unit has multiple variables. These variables can increase or decrease upon ICS's discretion. In M. Roberts's opinion, ICS staff had been using too many variables. The more variables ICS inputs into the system, the fewer units of comparison that become available.

M. Roberts stated that in regards to Observation #4, ICS has rationale for using comparable units that are more than seven miles apart. Brown County is a unique county, in that there are very diverse municipalities within it. Therefore, ICS is forced, in some sense, to use comparable units that may exceed the seven mile threshold. M. Roberts stated that for example ICS would never compare Denmark to Suamico due to the differences in municipalities, but would use units in Denmark and compare them to units in Wrightstown, due to them being more similar to each other. In this instance ICS might exceed the seven mile threshold, but for good reason. M. Roberts addressed that in regards to Observation #2, ICS has been updating the database of comparables on a regular basis; but simply failed to update the dates along with the information made newly available. M. Roberts mentioned that HUD is right in its criticism of this issue. M. Roberts brought up again the topic of variables used to find a comparable. He mentioned that his staff has been using too many variables. To test this he conducted a search using fewer variables and the results found the assisted unit was still comparable compared to other units in the database.

K. Flom asked for an explanation as to why this Authority was chosen to be reviewed for its rent reasonableness operations. R. Hallet stated that the Authority was chosen to be reviewed due to data showing that the BCHAs's assisted rents often exceeded the market rent. M. Roberts explained that despite this, ICS never authorizes units which exceed affordability according to other program regulations; there are checks and balances within the program to prevent unreasonably high rents. M. Roberts added that the OIG Audit did not discover a problem in the rent reasonableness of the Authority.

BILLS:

Due to there being no quorum, this item was tabled.

FINANCIAL REPORT:

Due to there being no quorum, this item was tabled.

STAFF REPORT:

10. Cancellation of SEMAP Quality Control Review.

R. Hallet explained that the SEMAP Quality Control Review was canceled due to OIG conducting their own review of the Authority. An OIG audit is much more detailed than the SEMAP audit, therefore HUD determined that a SEMAP review was unnecessary.

11. Staffing changes.

K. Flom stated that she will be resigning from her position as the Community Development Director for the City of Green Bay. She has accepted a job as the Economic Development and Planning Director for the City of De Pere. She stated although she had not originally come from a Housing background, she has learned a lot and has enjoyed working with her fellow staff. She also mentioned that economic development is a small part of her job in Green Bay and that she is looking forward to having that aspect in her new job. A. Hartman asked who will be taking over for her duties in the meantime. K. Flom stated that R. Hallet will be taking over for the majority of the day to day operations pertaining to the Housing Authority. As for her other responsibilities, they will be split among various members of the Planning Department.

12. Date of next meeting: October 19, 2015.

R. Hallet stated that there will need to be another meeting scheduled in the near future, she will notify the members of the Authority accordingly.

The Authority adjourned the meeting at 3:51 pm.

ZW:RAH:JD