JAN 2013
Received
Board of
Supervisors

SPECIAL MEETING
MINUTES
BROWN COUNTY HOUSING AUTHORITY
Monday, January 7, 2013, 3:00 p.m.
City Hall, 100 N. Jefferson Street, Room 604
Green Bay, WI 54301

MEMBERS PRESENT: Tom Diedrick–Chair, Rich Aicher–Vice-Chair, Ann Hartman, Sup. Andy Nicholson, vacancy

OTHERS PRESENT: Rob Strong, Robyn Hallet, Ben Fauske, Dawn DeWitt, DonElla Payne, Matt Roberts, Chuck Lamine

APPROVAL OF MINUTES:

1. Approval of the November 19, 2012, minutes of the Brown County Housing Authority

   R. Aicher noted two possible changes to the November 19, 2012, meeting. The first concerns item number 4 and the short sale/foreclosure situation of J. Masucci. He wanted to be careful to note that there is no implication that the BCHA would take foreclosure action. The second area of clarification concerns item number 7 wherein it states they "wanted a one-year extension following an RFP" which should be changed to "one-year extension followed by an RFP."

   A motion was made by A. Nicholson and seconded by R. Aicher to approve the November 19, 2012, minutes of the Brown County Housing Authority with the aforementioned changes. Motion carried.

2. Approval of the minutes from the special November 30, 2012, meeting of the Brown County Housing Authority

   A motion was made by A. Nicholson and seconded by R. Aicher to approve the November 30, 2012, minutes of the Brown County Housing Authority. Motion carried.

9. Death of Commissioner Darlene Hallet on December 28, 2012

   T. Diedrick moved to number nine on the agenda and expressed the significance and importance of her role and value as a Commissioner. The Authority then took a moment of silence in remembrance of Darlene Hallet.

COMMUNICATIONS:

3. Letter from Dept. of Housing and Urban Development dated November 13, 2012, regarding approval of BCHA's submission of FY 2013 Annual Plan

   R. Hallet reported that the letter is a standard letter from HUD acknowledging that they have received and approved the submission. She also noted the disclaimer in the letter stating that although they have received and approved the plan, they do not necessarily endorse everything in the plan.

4. Letter from Dept. of Housing and Urban Development dated December 5, 2012, regarding FSS Reprocessing Notification

   R. Hallet provided background information on this letter, explaining that annually the BCHA applies for a grant for the FSS Coordinator positions for which ICS prepares and submits the

application. The application was submitted appropriately, and HUD did award housing authorities with the funds for those positions. Shortly after they made the award, HUD retracted the award stating that they used incorrect information in determining recipients and amounts. HUD now has to review the correct information to determine if the awards made were appropriate and if recipients received too much or too little funding. Consequently, the FSS funding is on hold until the BCHA hears back from HUD.

5. Letter from Cardinal Capital Management, Inc. dated December 10, 2012, regarding request for special exception to Project-Based Voucher subsidy standards

   T. Diedrick stated that item number 5 will be taken up and discussed with item number 7.

REPORTS:
None

OLD BUSINESS:
None

NEW BUSINESS:
6. Review and selection of proposal(s) for the Project-Based Voucher RFP

   R. Hallet reported that applications were due to the office late Thursday, January 3, 2013. There were two RFPs submitted, one from Cardinal Capital and the other from NeighborWorks. She stated that R. Strong and she were the evaluation team and completed the scoring as laid out in Exhibit D. R. Strong then went through the various scoring criteria and the weight of each criterion as explained in Exhibit D.

   He then went on to summarize the proposal from Cardinal Capital as a 52-unit veterans' housing complex to be located by the old mental health center site; the county has approved a sale contingent upon the listed items taking place. The zoning was approved by the Plan Commission and finalized at the last Council meeting. The proposal is 52 units in a 3-story building targeted specifically for veterans with onsite services provided for the veterans. The plan is similar to Veterans Manor in Milwaukee, and they expressed that this potential property would be of the same quality.

   Concerning disabled individuals, Cardinal Capital has specifically designed two or three units with designation as fully accessibility units, but all units would have standard accessibility features. Cardinal Capital did not submit any information regarding their financial capacity with their proposal. Due to their demonstrated success elsewhere, R. Strong was able to award them some points in the financial capacity scoring category but not full value because they failed to explicitly submit that financial information. They have contacted Cardinal Capital seeking that information and have since received it. It is the decision of the Authority whether or not to include that information in the scoring as it was not originally included in the RFP. As the scoring stands, the additional information has not been taken into account.

   One hundred percent of their units would be targeted for veterans, so they scored very well in the eligibility of residents. In the management experience category, they demonstrated that they manage properties all over the state, specifically in the Milwaukee area and two projects in Green Bay and have demonstrated success with their residential housing communities that they manage. Cardinal Capital has roughly 12 years of experience. With this particular firm, they would create an LLC, so that LLC's experience would be minimal. Again, financial capacity as evidenced of financial statements was given a zero because of

their failure to submit the information. In the quality of living category, they expressed that there would be community meeting rooms and exercise rooms. The neighborhood condition is a relatively new and nice neighborhood. There was some discussion and concern about the proximity to other neighborhood amenities (i.e. grocery stores); however, the concern was met with the fact that transportation will be provided for the residents and was thus scored relatively comfortably. With the final category of the condition of the property, since it is a brand new property, it will be in good condition and meet the HQS. R. Strong scored Cardinal Capital 93/110, and R. Hallet scored them 82/110. R. Strong added that the largest piece missing was the financial capacity which they have since received.

A. Nicholson asked R. Strong what the score would have been had Cardinal Capital included their financial information in the RFP. He replied that he had not yet had a chance to review the information since it was just sent that morning. He projected that if the information is what he suspects it would be that he would give that category score of roughly 13 out of 15.

T. Diedrick questioned the number of units that will be fully accessible, and that two out of 52 is not very many considering that many of the residents will be elderly and disabled. R. Strong referred to the page of the proposal that discusses handicapped accessible features which he clarified that three, not two, of the 52 units will be fully accessible and all of the units will be accessible. R. Aicher inquired as to what the difference between "fully accessible" and "accessible" is to which R. Hallet responded that there is clarification near the back of the proposal packet. R. Strong suggested that this is something that could be negotiated with Cardinal Capital or ask them to justify why only three will be fully accessible. R. Hallet then added that she has Dan Kroetz's phone number who has been the main contact for Cardinal Capital, and he would be available during the meeting for a phone call to answer questions. T. Diedrick then added concern with the proposed doorway width, and that that would have to be negotiated because they would like this to be a long-term situation, and aging veterans will have more and more needs. R. Strong added that these are fair concerns and noted that similar concerns were addressed by GBHA in another project and that those concerns were met at minimal cost. R. Aicher then asked what an appropriate number would be for fully accessibly units to which T. Diedrick responded 20%, or 10 to 12 units. A. Nicholson inquired about the legal requirement of grab bars, and T. Diedrick replied that they are not legally required in this situation.

R. Hallet then summarized the proposal from NeighborWorks, a proposal for a total of eight units, two of which are duplexes, totaling four units in two duplexes and one fourplex. One of the units has already been renovated and currently has tenants. The other duplex has been approved for the Neighborhood Stabilization Program, but she is unsure if reconstruction has begun yet. If not, it will shortly. The fourplex has the same status and is offline for renovation at this time. She then ran through the criterion for scoring.

Regarding accessibility for individuals with disabilities, there is not a lot that NeighborWorks has indicated that they would do. All of the units have stairs at the entrance into the properties. They did, however, indicate that units are renovated using principles of universal design in locating switch plates and outlets. NeighborWorks also added that as the owner they would be willing to install ramps if needed for tenants with mobility disabilities. The onsite services are very limited, which is standard considering these are duplexes and a fourplex. NeighborWorks has not indicated they would provide onsite services; however, they did say that they would partner with veterans' service agencies if they did have tenants that were veterans to refer them to receive the services that they need.

In the category of financial capacity, they provided all of their financial information and, as an organization, appear financially sound. In the category of the eligibility of residents, the scoring criteria specifically requests veteran eligibility. While NeighborWorks encourages veterans to apply, the tenant does not need to be a veteran. All applicants must meet income eligibility requirements because of the properties' participation in the Neighborhood Stabilization Program. They meet roughly half of the eligibility criteria set forth in the RFP in that veteran status is not a requirement for these properties but income eligibility is.

For the category of management experience, NeighborWorks Green Bay has been operating rental housing property since 1993, and they contract with Nelson Minahan Realtors, which has been in the property management business for 35 years. As far as the number of rental units, NeighborWorks has 94 rental units and Nelson Minahan manages roughly 900, so they scored very well in the management/experience category. There were also no concerns with financial capacity. In the category of general living quality, the units themselves seem to have good amenities including air conditioning and garbage disposals in addition to other standard amenities including parking, private garages, garbage collection, access to basements and laundry hook-ups. However, they don't have any common area amenities such as computer labs or exercise rooms. The neighborhood amenities appear to be good; all of the properties are located near the downtown area so they are within blocks of a variety of services, parks, and transit. Concerning the condition of the property, two of the properties have not yet undergone HQS inspection because they are currently or will soon be under renovation. In the one property that currently has tenants, both tenants are on HCV assistance and the units have been inspected within the past year and have both passed HQS. Additionally, NeighborWorks has worked with the BCHA and ICS in the past and is very aware of the quality and condition that is expected of the properties. Overall, the areas for which they did not receive very many points were accessibility and serving veterans, but they scored very well in the other areas. R. Hallet scored NeighborWorks 73/110, and R. Strong scored them 70/110.

R. Hallet reminded the Authority that the RFP was written in a way that they may accept more than one proposal, only one proposal, or deny all proposals.

R. Aicher asked for clarification that these properties are ones that NeighborWorks owns, R. Hallet responded that they either own or they have site control over these properties. The proposals include development agreement documents from the Redevelopment Authority. R. Strong added that these properties are part of the Neighborhood Stabilization Program; they came out of foreclosure market when the housing bubble burst and were included in the program. The City received funds to rehabilitate them and then sell or put them in a management portfolio. R. Strong clarified that the properties in question have been legally transferred to NeighborWorks' name, and that they manage the properties in an agreement with the City.

A. Nicholson asked why NeighborWorks did not require veteran status for eligibility. R. Hallet responded that these properties were already in process of renovation before the RFP specifying veterans was made available. Upon A. Nicholson's inquiry as to why they did not specifically target veterans, R. Strong stated that NeighborWorks never intended for the properties to specifically serve veterans.

R. Hallet added that in February, NeighborWorks approached the BCHA to try to get six of these units added to their existing Project-Based Contract. The reason that the BCHA could not follow through with that is because the language in the contract states that adding additional units may only take place within the first three years of the contract and that time

had already passed. In order for that addition to take place, the BCHA would be required to release a new RFP to which NeighborWorks would be required to respond.

R. Strong added that perhaps he and R. Hallet did not adequately take into account the goal of de-concentration of poverty. The NeighborWorks properties are all centrally located near downtown and the veterans' project is not in the concentrated areas. While this is not listed as a specific item in the criterion, it is something to keep in mind. R. Aicher added that the location of the veterans' project is near medical care. He then suggested that either the two projects are competing against each other, or both have unique merits and may both be considered. R. Hallet added that they did look into where the properties are located with regard to poverty census tracts, and two of the properties are located within low-income census tracts and one lies just outside.

R. Aicher then asked if staff has any input. R. Strong responded that he believes that Cardinal Capital has given the BCHA what they asked for, and it makes sense to approve their proposal. With regard to NeighborWorks, perhaps sitting down and discussing their proposal further but to hold off on it for now. R. Hallet added that project-basing the NeighborWorks properties has both positive and negative merits in terms of serving the communities' needs. She added that they could do as R. Strong suggests and hold off on this to later analyze the proposition. R. Aicher stated that because of the initial interest in this project being related to the veterans' clinic that he is in favor of R. Strong's proposal to approve Cardinal Capital's proposal and hold off on NeighborWorks'. T. Diedrick was also in agreement with that. A. Nicholson was also in agreement with approving Cardinal Capital. R. Strong added that the initial request was for veterans housing with onsite services, and while NeighborWorks' proposal may be good on its own, it does not meet the expectations that the BCHA was looking for in pursuing the RFP.

A motion was made by A. Nicholson and seconded by R. Aicher to approve Cardinal Capital's proposal.

R. Aicher asked for clarification on the letter for agenda item number 5, regarding the use of 110% versus 120% of fair market rent. The current proposal is for 110%; the 120% option would have to be negotiated with Cardinal Capital. Motion carried.

A motion was made by A. Nicholson and seconded by R. Aicher to deny NeighborWorks' proposal. R. Hallet added that if the proposal is completely denied but if the Authority may wish to consider it at a future time, staff would have to conduct a new RFP, which takes a significant amount of staff time and that staff time is very limited. She suggested that the Authority hold off on the decision to avoid having to create a new RFP. R. Aicher and T. Diedrick added that one of the long-term goals of the BCHA is to move the vouchers out of the downtown area; this proposal seems to work against that goal.

Motion carried.

7. Discussion and possible action regarding Cardinal Capital Management, Inc.'s request for special exception to Project-Based Voucher subsidy standards

R. Hallet reported that the letter from Cardinal Capital requested that the BCHA increase the subsidy standard from 110% to 120% of the fair market rent. The Authority may choose to do this, and if they do, they would need to request approval from the Milwaukee HUD office. Cardinal Capital apparently had contacted the Milwaukee HUD office for preliminary approval and was told they would support it. She added that the BCHA needs to seriously consider the consequences of such action. R. Hallet distributed an updated attachment for

item 7 on the agenda, which indicates the 100%, 110%, and 120% fair market rents for various bedroom sizes, but clarified that the focus would only be on one-bedroom units. The 110% value, which is the amount a project-based voucher would normally be subsidized at, is $569, and the 120% value is $620, a difference of $51. Thus the additional annual allocation for these 52 units would be $31,824, which is funding that would be directed to these project-based units at the expense of the general HCV Program. Taking into account the current average HAP within the general HCV Program of $403, increasing the value to 120% would mean that the BCHA would have to serve seven fewer clients per year, which has a serious impact on the community.

She also added that if the Authority approves this request for Cardinal Capital, other owners, including the other properties that Cardinal Capital owns, may request the same increase for their properties. If the two owners with a large number of project-based units made such a request, that would be an additional 278 units at 120%, which would equate to $170,136 taken out of the tenant-based HCV program to be dedicated to the project-based program. This means 35 fewer clients served each month in the general HCV Program. This would have a serious detrimental impact on the HCV Program and the community at large.

R. Aicher noted that precedent setting is always dangerous and then asked what the ramification will be if the BCHA denies the 120% request. R. Hallet responded that Cardinal Capital states that the project will no longer be viable. It is something that would need further negotiation and would have to be taken up at a future meeting. R. Strong suggested that Cardinal Capital be required to validate why they need to go to the 120%. This could also lend to negotiations to agree on a percentage somewhere between 110 and 120. He added that concerning precedent-setting, they could justify the change because the project exclusively serves veterans, and there is a high cost to the onsite services. He then suggested that Cardinal Capital demonstrate why they cannot afford the 110%. R. Aicher added that this likely is related to construction costs, which fluctuate; what now requires 120% might be sufficient at 110% in the future.

A. Nicholson then asked about potential repercussions with other property owners if they go to 120% for this property. R. Hallet reiterated R. Strong's previous comments that the Authority could likely limit the increased percentage to this project because it exclusively serves veterans and provides many onsite serves that other housing projects do not.

C. Lamine then added that the quality of services that are provided are above and beyond average. He also added that the contact people at Cardinal Capital are very eager and willing to converse about this. R. Aicher responded that he would like to see hard numbers before making a decision about this.

R. Hallet stated that she has Cardinal Capital's pro forma; however, it is confidential and she would not share it without their permission. She suggested the Authority could place a call to Cardinal Capital immediately to request permission to review the pro forma so this matter could be resolved at this meeting. If not, this item could be placed on the agenda for the January 21, 2013, meeting.

R. Strong then indicated that the current obligation of the BCHA was to inform Cardinal Capital whether or not they would have 52 project-based vouchers, and that the issue of 110% or 120% could be negotiated at a later date, not necessarily before WHEDA's February 2, 2013, application deadline for the tax credits.

A general consensus was made that no decisions can be made without a further explanation as to why Cardinal Capital must have the 120% rate.

R. Strong suggested placing this item on the next meeting's agenda to fully address this issue. R. Hallet added that if Cardinal Capital's application to WHEDA was to include a different rate than the 110% that currently stands, that rate would first need to receive approval from the Milwaukee HUD office, and the timeframe on that is unclear. This component could potentially place them under a significant time constraint.

R. Strong suggested calling the Milwaukee HUD office for a projected timeframe.

C. Lamine added that his understanding is that a new subsidy rate would also have to go to the federal HUD office. Again, it was reiterated that the BCHA will not make a decision about the rate until an explanation has been given. R. Hallet again added that she has the pro forma, and if given permission, the Authority could review that right away. Several Commissioners agreed that calling during the meeting was not the most appropriate avenue to take.

8. Review and possible approval of the preliminary BCHA budget for the 2013 calendar year, including review of investments

   R. Hallet stated that they could discuss this item at this meeting, or it could be put on hold and added to the January 21, 2013, meeting. She asked the Commissioners what their pleasure was, indicating that this item could take a significant amount of time.

   R. Aicher responded that it depends on whether they would like to take time after the meeting for the sub-committee meeting.

   A. Nicholson asked if the meeting on January 21, 2013, could begin earlier to address the growing agenda. It was agreed that once the agenda was released, if necessary, the meeting could begin a half hour earlier to accommodate potential time constraints. T. Diedrick noted that he may or may not have restrictions preventing him from attending the meeting in person but would be available via phone. He then recommended tabling the item.

   R. Aicher asked if a summary of highlights for the budget could be created to which R. Hallet responded that it would be very difficult without an accountant and that she would be able to put something together, but not in time for the January 21, 2013, meeting as her availability is very limited. R. Strong stated that he would look into what could be done, including asking M. Schampers for an email summary.

INFORMATIONAL:

BILLS:
R. Hallet stated that a written report of the bills was not available but instead could verbalize the bills. She reported that there is a bill for the Clerk of Courts in the amount of $675.50 for small claims action for fraud cases. There are several bills for the City of Green Bay totaling $32,340.17 primarily for salaries and fringe benefits. There is a payment to the Green Bay Housing Authority totaling $15,500.00 from a revenue bond that came in for both housing authorities that was erroneously deposited into only the BCHA account and thus needs to be repaid to the GBHA. There is a bill for John Heugel totaling $975.00 for his legal services. There is a bill for Langan & Associates, for which R. Hallet indicated some confusion as to whether this bill belonged to the GBHA or BCHA; as such, that bill will be held. There is a bill for VandeCastle for $1,200.00 for legal services on fraud cases.

A motion was made by R. Aicher and seconded by A. Nicholson to approve the bills with the exception of the Langan & Associates bill. Motion carried.

FINANCIAL REPORT:
None

STAFF REPORT:

10. Resignation of Senior Accountant Matt Schampers on January 2, 2013

R. Strong informed the Authority that M. Schampers received a good job offer in the Valley, which is where his family is from and thus submitted his resignation. He also added that Anne Monday, the GBHA property manager at Mason Manor, has given her two weeks' resignation notice. Existing staff therefore has to pick up considerable additional duties.

R. Hallet added one more staff report indicating some management changes at ICS. A memo was sent by Randy Gast, the attorney for ICS, and was distributed to the Commissioners. R. Hallet introduced Ben Fauske as the new executive director for the nonprofit portion of ICS and explained that Jon Syndergaard will transition to the for-profit side of ICS.

B. Fauske then added that he has been serving on the ICS Board of Directors for the past 10 years and indicated that it has been a challenging past year serving on the board. He also added that ICS has taken the BCHA feedback very seriously, particularly concerning staffing issues, and that the for-profit and non-profit realms are remaining separate. He also stated that he has a lot of experience in customer service, and one of his main goals is to examine what good service looks like and how to deliver it. He opened it up to questions on his experience and thanked the Authority for the opportunity to speak and introduce himself.

A motion was made by R. Aicher to adjourn.

A. Nicholson then asked if they could change the meeting time for January 21, 2013. R. Hallet suggested that moving the meeting from 3:00 p.m. to 2:30 p.m. should provide adequate time. R. Strong also added that though he will be out of town, he will make himself available via phone for the meeting if needed. R. Hallet will send an email out noting the time change for the January 21, 2013, meeting.

Meeting adjourned at 4:20 p.m.

Mmr:rah:ejns