MINUTES
BROWN COUNTY HOUSING AUTHORITY
Wednesday, November 20, 2013, 3:00 p.m.
City Hall, 100 N. Jefferson Street, Room 604
Green Bay, WI 54301

MEMBERS PRESENT: Tom Diedrick–Chair, Ann Hartman–Vice Chair, Sup. Andy Nicholson, Adam DeKeyser

MEMBERS EXCUSED: Corday Goddard

OTHERS PRESENT: Rob Strong, Robyn Hallet, Stephanie Schmutzer, Pat Leifker, Nicole Tiedt, Yvette Tice, Matt Roberts, Charles Androsky, and Noel Halvorsen

APPROVAL OF MINUTES:

1. Approval of the minutes from the October 30, 2013, meeting of the Brown County Housing Authority

   A motion was made by A. Hartman and seconded by A. DeKeyser to approve the minutes from the October 30, 2013, meeting of the Brown County Housing Authority. Motion carried.

COMMUNICATIONS:

The Authority welcomed the newest Housing Authority intern, C. Androsky.

R. Hallet suggested that due to the more critical nature of Item #3 (Discussion and possible review of NeighborWorks Green Bay's Project-Based Voucher Proposal), it should be moved up to the first item discussed on the agenda. The Authority approved taking the agenda out of order.

OLD BUSINESS:

3. Discussion and possible review of NeighborWorks Green Bay's Project-Based Voucher Proposal

   R. Hallet introduced Noel Halvorsen, Executive Director of NeighborWorks Green Bay. R. Hallet explained the history of the proposal, stating that the previous January the Authority had received two proposals from a Request for Proposal (RFP) to project base housing units: one from Cardinal Capital and one from NeighborWorks. The NeighborWorks proposal was denied at the time but is now being brought forward again for reconsideration.

   N. Halvorsen explained that the Authority had agreed to allow additional NeighborWorks units to be project-based last year; however, it was later found that due to HUD regulations, additional units could not be added to the existing contract. Therefore, NeighborWorks submitted the proposal in response to the RFP, but it was not accepted. They have since decommissioned some of the units within their existing project-based contract, and it was thought that those units could be replaced with these newer ones. However, the regulations do not allow for this either. Therefore, they are asking the Authority to reconsider the previously-denied proposal. N. Halvorsen explained that the proposed housing units are further out from the central corridor of the City, which would aid the Authority's goal of lowering concentration levels. Because of housing sales and decommissions,

NeighborWorks' housing stock has been depleted and is thus not currently providing the number of housing units specified in its contract. Approving the proposal to the RFP would address that issue by reallocating eight units, which was the number in the original proposal, to meet the contract stipulations. This number would represent about half of the total of 15, which NeighborWorks would ideally like to project base.

T. Diedrick asked if N. Halvorsen could elaborate on how the proposal would decrease concentration.

N. Halvorsen stated that a number of the properties NeighborWorks is requesting to project base are located two and five blocks away from the more heavily-populated areas where some of their previous units were located – in the Jackson Street and Walnut Street areas. Adding these properties would decrease density.

A. Nicholson asked R. Hallet to clarify if HUD disagrees with the proposal.

R. Hallet explained that HUD does not allow for the addition of units to an existing contract after the first three years of the contract. A. Nicholson asked if the other option would be an RFP. R. Hallet responded that the RFP process is quite labor intensive; before that, staff would try to request a waiver from HUD to allow the addition of the units without the RFP process.

A. Hartman asked if HUD was likely to grant the waiver. R. Hallet responded that the Authority had attempted it before, but it was denied. However, she felt that there are several other points in this instance that increase the possibility of a waiver being granted. As an alternative, the existing contract will be expiring in 2015, and perhaps it could be renewed a year early with the substitution of units, but more investigation is required to see if this is a possibility.

A Nicholson voiced concern that the proposed units would not significantly decrease concentration. He pointed out that the areas were only about three blocks away from certain high concentration problem areas. A. Nicholson suggested that units in Bellevue and Howard would be further away and thus more effective at lowering concentration within the City. N. Halvorsen replied that he understood this concern, and NeighborWorks' primary goals are to reduce concentration and renovate dilapidated housing units. These properties are given significant reinvestment. A. Nicholson clarified that it would be more ideal to spread the housing even further over greater distances. N. Halvorsen stated that NeighborWorks has already had success acquiring properties that are further away from the City's central corridor and decreasing concentration, including within A. Nicholson's district. A. Nicholson suggested Districts Twelve and One would be more ideal locations.

M. Roberts presented information relevant to this topic of deconcentration. Census tract data illustrated voucher concentrations in various areas of the City.

A Nicholson inquired about the nature of the original denial: was it due primarily to insufficient deconcentration? N. Halvorsen explained that deconcentration was part of the discussion and that the units in the new proposal were less concentrated than the ones in the original proposal.

R. Hallet stated that the minutes from the original discussion were included in the meeting packet with the relevant points highlighted. R. Hallet pointed out that there was not much

discussion about the reasons for denying the original proposal aside from the fact that NeighborWorks had not focused the proposal on housing for veterans, with some additional concern about deconcentration. R. Hallet expressed that deconcentration was a concern that the Authority had started to address in the late 1990s when concentration levels were around 80%. The current level of concentration is about 68% within the City of Green Bay. In this regard, the Authority has certainly decreased concentration levels with the variety of efforts that ICS has employed over the years.

N. Halvorsen pointed out that according to the information distributed by M. Roberts, the concentration levels near downtown are around 13%.

A. Nicholson asked what geographic area this covered. R. Hallet clarified that it was based on census tracts. Upon examination of the map, R. Hallet, A. Hartman, and R. Strong expressed the opinion that the proposed areas were farther out from the City's central corridor than expected. A. Hartman stated that the area was larger than she had expected and went past Oneida Avenue, Military Avenue, and the East River. N. Halvorsen explained that tracts numbered 1 through 14 contained a significant number of the county's multi-family properties, and only 13% or less of the vouchers were being used in that area.

A. Nicholson expressed that he didn't see how the indicated area lowered density levels. R. Strong clarified that the density of NeighborWorks units was being dispersed, not necessarily that units were being taken out of the more densely-populated areas of the program. Density was being lowered within specific areas, not necessarily within the entire program.

N. Halvorsen explained that if 13% of the units were near downtown areas, it was not a significant concentration, particularly given the density of multi-family housing. T. Diedrick stated his memory of the original proposal denial was that it was denied mainly due to veteran's issues, not for insufficiently lowering concentration. T. Diedrick went on to state that deconcentration was an important goal, but so is upgrading the local neighborhoods, which is the mission of NeighborWorks. This should be taken into consideration when discussing the new proposal. R. Hallet voiced her agreement and pointed out that NeighborWorks uses Nelson-Minahan Realtors as their property manager which sets a high standard for tenant conduct.

T. Diedrick stated that he liked the idea of improving the quality of local housing. This would assist in attracting better quality tenants. This part of the proposal could swing the Authority's decision toward approving it.

R. Hallet expressed her support for approving the proposal as it would benefit the community. A. Nicholson stated his disagreement and said he would not support the proposal because it did not sufficiently lower concentration levels.

A. Hartman asked N. Halvorsen if the properties NeighborWorks buys are based on affordability and if cost is a factor in deciding the areas in which they purchase units. N. Halvorsen responded that other partnerships with the City and the community often dictate where housing stock is purchased. The properties that need the most attention are often in the more densely-populated areas or the downtown area. Purchasing new properties is often decided by balancing the goals of lowering concentration and rehabilitating properties in need of repair.

R. Hallet summarized the benefits of the proposal as helping to support the work of NeighborWorks, which is revitalizing housing in the community and that tenants are held to a higher standard. The disadvantage is that the proposed properties are in the census tracts that are part of the downtown district.

T. Diedrick asked for a motion to approve or deny the revised project-based voucher proposal.

A motion was made by A. Nicholson and seconded by A. Hartman to deny. A. Hartman asked for clarification, specifically about what would happen if the Authority approved the proposal. Of the 15 properties, 8 would be project-based through this proposal, but what would happen to the other 7? N. Halvorsen stated that NeighborWorks would continue to seek some path to get them project-based. R. Hallet clarified that the first point of action would be to seek to renew the contract a year early, with the addition of those properties to the contract. If that is not feasible, the second option would be to request a waiver from HUD, which would require N. Halverson to put together reasons of good cause for HUD to approve it. If that approach did not work, an RFP could be created.

With the motion to deny the request on the floor, T. Diedrick called for a vote. A. Nicholson voiced support of the denial. A. Hartman, A. DeKeyser, and T. Diedrick voted against the denial.

T. Diedrick asked for a motion to approve the NeighborWorks Green Bay Project-Based Voucher Proposal.

A motion was made by A. Hartman and seconded by A. DeKeyser to approve.

A. Nicholson stated that R. Hallet had listed the support of NeighborWorks as a benefit of the proposal. A. Nicholson stated his support is for the City of Green Bay and the neighborhoods within. It was his opinion that the issue of deconcentration outweighs supporting NeighborWorks.

R. Hallet clarified that she had stated the proposal supports the work of NeighborWorks, which is revitalizing downtown neighborhoods. A. Nicholson stated that revitalizing neighborhoods is moving the issue out of the neighborhoods, not three blocks away. Moving the problem three blocks away is still an area of dense housing. A. Nicholson expressed his opinion that the solution was moving tenants outside the City.

N. Halvorsen asked for clarification of the issue, to which A. Nicholson clarified his support of developing housing outside City limits. If this could not be accomplished, A. Nicholson would accept moving the housing to Districts Twelve and One. N. Halvorsen explained that NeighborWorks is a not-for-profit organization using scarce community resources. NeighborWorks acts as a servant of the community.

T. Diedrick stated his agreement with the deconcentration issue, but the fact remained that this was an opportunity to improve the housing in the community and to improve local neighborhoods. A. Hartman stated that it was not possible to improve the tenants, but it was possible to improve the housing.

T. Diedrick asked for a motion to approve the NeighborWorks Green Bay Project-Based Voucher Proposal. A. Hartman and A. DeKeyser signaled approval. A. Nicholson signaled denial. Motion carried.

4. Discussion and possible action regarding 84 CDBG Revolving Loan Fund

R. Strong explained the progress on this issue. He reported that he sent a follow-up letter to the Department of Administration (DOA) responding to each of their findings. He waited a long time with no response and had drafted another letter that he intended for the Authority to approve today; however, late yesterday we received a response from the DOA. One of the main issues cited by the DOA was in regards to administrative fees. R. Strong explained the Authority routinely bills a percentage of time to each program that it works on. DOA had notified the Authority that it can only spend a percentage of the income that it receives on administrative expenses. The argument back had been that the original grant had been spent 20-25 years before; therefore, everything that the Authority receives is income. Thus, the Authority should be able to spend no more than 15% of whatever the balance is in a given year. Yesterday's letter from the DOA notified the Authority that essentially everything is clear except this issue. The DOA's conclusion is that instead of the original repayment amount of $15,000, they cited for overspending administrative fees. The amount had been dropped to $13,453.54. R. Strong's determination was closer to $2,000. Timecards were kept, and billing was documented. The debate is regarding how to interpret the regulations and program procedures. R. Strong voiced his opinion that the Authority owes less money than the DOA's calculation, but it may not be worth fighting the issue. The Authority had billed labor hours to the program and kept accurate records, but the DOA's interpretation of the regulation has led to a larger calculation of money owed. R. Strong voiced his recommendation that the Authority pay the full amount of $13,453.54 because it is the DOA's program; fighting the issue is likely to be unsuccessful. A quicker resolution may be preferable.

R. Strong further explained that the Authority was in the process of turning over the CDBG program to the County. The County Planning Commission is going to be running a new regional CDBG program, so they have the capacity to administer this program as well.

A. Nicholson asked what the consequences would be if the Authority refused to pay the amount the DOA had calculated. R. Strong responded that it was possible for the Authority to argue the charges, but the Authority would probably lose the battle. A. Nicholson asked what the DOA would do in that instance and voiced his support of challenging the charges. R. Strong reiterated that the difference is in the interpretation of the procedures manual. The DOA is saying that it is a percentage of the income received on an annual basis, whereas the Authority had interpreted it as a percentage of all income. Since it's the DOA's program, it's unlikely we'll be able to convince them that our interpretations are more accurate than their own.

R. Strong asked for a motion to authorize sending a follow-up letter and paying the $13,453.54.

A motion was made by A. Nicholson and seconded by A. Hartman. Motion carried.

5. Discussion and possible action regarding Cardinal Capital's Veteran Housing Project

R. Hallet explained that Cardinal Capital was awarded tax credits from WHEDA. They are moving forward with the Veteran Housing Project in Green Bay. This includes the 52 vouchers that the Authority had agreed to project base for this development. At this point, the only action needed is to confirm that the Authority is still committed to the project.

A motion was made by A. Nicholson and seconded by A. DeKeyser to confirm the Authority's commitment. Motion carried.

NEW BUSINESS:

7. Review and possible approval of ICS's preliminary 2014 budget

R. Strong explained that the Housing Authority had renegotiated the contract with Integrated Community Solutions (ICS) about a year before. The Authority used to give a flat percentage of administrative funds to ICS, with any funds left over at the end of the year being classified as surplus. With the new contract, the Authority is requiring ICS to calculate a budget. This will be the first year that ICS brings a budget before the Authority for approval.

M. Roberts explained that line item costs from previous years had been included for comparison. ICS has instituted a variety of cost-saving measures including furloughs, streamlining benefits, and other cost-saving efforts. Based on advice from HUD, they had to adjust their budget by about $200,000 to remain under the appropriations allotted in 2013.

A. Nicholson asked if the budget was basically balanced and what measures ICS had put in place to avoid a problem like the one encountered the previous summer related to administrative fees.

R. Strong replied that the budget includes as a worst-case scenario, using $109,000 from the reserve funds. Staff will monitor costs throughout the year. After the first quarter of 2014, a review of ICS's budget will be conducted based on HUD's dispersal of administration funds. This is to see if further adjustments need to be made.

A. Nicholson asked if the $109,000 would be utilized. R. Strong responded that it would be plugged in at the end of the year. ICS will bill the Authority every month. If HUD does not disperse any more administrative funds, the $109,000 will be dispersed on a monthly basis.

A. Nicholson asked for clarification about the $109,000 and if it will be used or be kept in reserves. R. Strong explained that funds will serve both purposes, depending on what funding HUD disperses in the first quarter of 2014. It is the hope that Washington allocates enough to help cover the cost of the programs.

S. Schmutzer directed attention to the BCHA budget, in which we are projecting to use only $63,000 from reserves, taking other revenue sources into consideration. Therefore, we're projecting that we won't use the entire $109,000 because other revenue sources will supplement it. Other revenue sources include fraud recovery, of which the amount is unpredictable. A. Nicholson asked for an estimate of how much of the $109,000 reserves may be used. S. Schmutzer predicted that perhaps half of that amount would be used.

T. Diedrick stated his predication that Federal funding for housing programs would be dispersed at a proration rate higher than the 68% used for this year. Given the fact that housing has historically been a bipartisan issue, there is a higher probability of more housing funding over other domestic spending. This would lessen the pressure on the ICS budget.

S. Schmutzer agreed that the higher the amount dispersed by HUD, the less of the reserves will be used. The ICS budget was created with the projected figure of 68% of funding, but the actual proration could be higher.

A. DeKeyser asked if the ICS administrative budget should match the ICS administrative revenue.

S. Schmutzer clarified that the highlighted sections on the BCHA budget are expenses paid to ICS. They are broken out differently for tracking and auditing purposes. ICS's revenues are also portrayed on the top but are broken out separately because ICS takes a percentage of the HUD administrative fee income. HUD treats revenues and expenses differently than the BCHA does.

T. Diedrick asked if ICS administration had explored negotiating rent costs to decrease expenses. M. Roberts replied that ICS had explored every avenue of saving money, including rent and copiers.

R. Strong pointed out that the Housing Authority had considered salary expenses for administration when debating whether or not to bring ICS operation in-house. According to the new budget, from the 2013 budget to the 2014 budget, ICS had dropped these expenses considerably. ICS had made adjustments in staffing to lower overall expenses.

T. Diedrick pointed out the great effort ICS had made to lower expenses to meet 2014 budgetary demands.

A motion was made by A. Nicholson and seconded by A. Hartman to approve the 2014 ICS budget. Motion carried.

R. Strong explained that ICS would have to obtain the Authority's approval before making major budgetary changes. A proposal would have to be brought before the Authority for review.

8. Review and possible approval of BCHA's preliminary 2014 budget

T. Diedrick pointed out that this was already discussed to some extent in conjunction with the ICS budget. A. Nicholson asked about a highlighted portion on the budget. S. Schmutzer clarified that the highlighted portion was a projected ICS budget portion.

A motion was made by A. Nicholson and seconded by A. DeKeyser to approve the 2014 BCHA budget. Motion carried.

BILLS:

A motion was made by A. Nicholson and seconded by A. Hartman to approve the bills. Motion carried.

At this point the Authority took up Agenda Item #6.

6. Discussion and possible action regarding request by BCHA CDBG loan recipient

R. Hallet reported that the Housing Authority had loaned CDBG funds to an individual for her home purchase. The individual is now selling her home, but the sale will not yield adequate funds to pay off both the first and second mortgages. The loan recipient is requesting to pay what she is able at the time of closing, pay more when she receives a rebate on her prepaid insurance, and then make monthly payments to pay off the remainder of the loan. The estimated upfront payments would total approximately $4,000, with monthly payments of $250. The loan would be completely paid off after one year and nine months. R. Hallet indicated her belief that the recipient would fulfill her commitment to repay the loan if granted a loan repayment schedule.

A motion was made by A. Nicholson and seconded by A. Hartman to approve the loan repayment schedule. R. Strong suggested a personal note with the payment agreement to ensure repayment. Motion carried.

REPORTS:

2. Report on Housing Choice Voucher Rental Assistance Program

A. Preliminary Applications
P. Leifker reported that ICS had collected 79 preliminary applications in October.

B. Unit Count
It was stated by P. Leifker that the unit count was 2,859.

C. Housing Assistance Payments Expenses
P. Leifker went on to report that the Housing Assistance Payment Expense was $1,144,350.

D. Housing Quality Standard Inspection Compliance
It was explained by P. Leifker that the Housing Quality Standard conducted 256 inspections. Of that, 128 passed on the first inspection, 54 passed on the re-inspection, and 74 failed.

T. Diedrick asked if there was a reason why the failure rate was the highest it had been all year. M. Roberts responded that he had been unable to find any specific reason, although possible explanations could include the changing of the seasons, window conditions with storm windows not being on, etc.

A. Hartman asked if there were specific landlords that were repeat offenders of inspection failure. M. Roberts explained that this was so; ICS has learned to expect which landlords are more likely to let properties fall into disrepair. He stated there is consistency in the ICS approach, and inspectors know what to look for.

R. Hallet pointed out that some landlords may wait for ICS inspections to notify them of which improvements are necessary. This may result in some landlords not investing in property improvements until ICS notifies them of what is needed. M. Roberts agreed and explained that landlords have told ICS that they will not make repairs until they are told what needs to be fixed. A. Hartman voiced disapproval of this system because it

results in substandard housing for tenants. M. Roberts stated ICS is aware of the problem, and they are trying to educate landlords on the importance of proper upkeep. ICS will also try to hold more landlord meetings in 2014.

R. Strong asked M. Roberts if it was possible for ICS to do more frequent inspections. M. Roberts responded that this was a possibility. R. Strong suggested that more frequent inspections would result in better housing, particularly for landlords that allow units to fall into disrepair.

A. DeKeyser asked if fines were an effective enforcement tool for incentivizing landlords to keep their rental units in acceptable condition. R. Strong responded that fines can be an effective tool to ensure quality housing. A. Hartman asked what HUD's response had been to the waiver request previously discussed, to which R. Hallet clarified that the request for waiver had not been submitted yet as we needed to devote time to the budget before moving on to that item. A. DeKeyser voiced concern about the high level of properties failing a second inspection and asked if the fine amount was enough to encourage repairs.

A. Hartman suggested including information on the monthly reports about which housing units had failed a second inspection. A. Nicholson inquired about the value of doing so – if it was possible to drop repeat offenders from the program. M. Roberts responded that there is an allowance within the regulation to ban landlords who repeatedly violate the rules of the program. ICS is aware of landlords who are repeat offenders. M. Roberts explained that HUD does not require ICS to physically re-inspect every property. ICS may be able to save money by focusing more on inspecting the problem properties versus the properties owned by more reliable landlords. Discussion continued regarding the suggestion of additional reports, with several expressing that resources may be better spent addressing individual problem landlords rather than creating reports about them.

E. Program Activity/52681B (administrative costs, portability activity, SEMAP)
Y. Tice reported that the month of October had 251 port-outs with associated costs of $205,406. She stated that in the month of October ICS overspent by $17,114, and FSS was underspent by $3,007. The reason for the overspending was due to: (1) the month of October's admin payment was lower than initially projected; and (2) there was a three-month period while her accountant position was vacant during which ICS used professional services; that invoice has now been paid.

F. Family Self-Sufficiency Program (client count, escrow accounts, graduates, new contracts, homeownership)
N. Tiedt reported that there were 81 Family Self-Sufficiency clients in the month of October. The same month there were 27 escrow accounts, one additional FSS graduate, one new contract, and 65 homeownership clients.

G. VASH Reports (active VASH, new VASH)
N. Tiedt reported there were 20 VASH clients in October, with zero new VASH clients. R. Strong commended ICS on the nice FSS graduation ceremony that was recently celebrated.

H. Langan Investigations Criminal Background Screening and Fraud Investigations
P. Leifker reported that there were five new investigations assigned in October. Five previous investigations were closed, and five are still active. Langan processed 135 new applications, with 134 approved and one denied.

I. Reasons for Background Screening Denials
P. Leifker inquired about the quarterly schedule that the Authority had previously decided to report on this category. T. Diedrick responded that this report should next be reported in January.

INFORMATIONAL:

9. Brown County Safety Committee's inquiry regarding fraud investigations

R. Hallet reported that a request had been made to the Brown County Public Safety Committee by A. Nicholson to look at the way the Housing Authority conducts fraud investigations. It was requested that the Authority explore how the Brown County Sheriff's Department could assist in these fraud investigations. The Sheriff was asked to explore the feasibility of this option within his department, both financially and administratively. At this point, the Authority is waiting to hear back from the Sheriff.

FINANCIAL REPORT:

S. Schmutzer reported on the state of finances.

A motion was made by A. Nicholson and seconded by A. Hartman to receive and place on file. Motion carried.

STAFF REPORT:

10. Date of next meeting: December 16, 2013

A motion was made by A. Nicholson and seconded by A. DeKeyser to adjourn. Motion carried.

Meeting was adjourned at 4:25 p.m.

caa:rah