SPECIAL MEETING

AGENDA
BROWN COUNTY HOUSING AUTHORITY
Monday, June 1, 2015, 11 a.m.
City Hall, 100 N. Jefferson Street, Room 604
Green Bay, WI 54301

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

OTHERS PRESENT: Robyn Hallet, Kimberly Flom, Stephanie Schmutzer, Patrick Leifker, Matt Roberts, Sup. Guy Zima, John Finger of HUD Milwaukee (by phone), and Scott Koegler of HUD Milwaukee (by phone)

OLD BUSINESS:

1. Discussion and action regarding use of Administrative Reserves to allow for temporary overtime of ICS staff to increase utilization rate within the HCV Program to avoid HUD sanctions.

R. Hallet explained that HUD staff was on the phone to provide information and answer questions. She further provided a review of the agenda attachments.

A. DeKeyser summarized that the issue at hand is managing the reserve. He stated that it was in April that staff learned that the reserve threshold had changed to 8.5 percent. BCHA is at 26.84 percent today with the set aside funds that were received; if we had received $500,000 as we typically had in the past, we would have been at approximately 23 percent. He asked HUD what the threshold is to be on the "Hot List" of severe underutilization.

J. Finger of HUD expressed he appreciates the frustration caused by the funding cycle and the ever changing conditions from HUD. Leasing is an important condition which is why the threshold changed to 8.5 percent and is why HUD came up with the potential sanctions and the "Hot List" to try to help Housing Authorities utilize their funds as much as possible. He reminded Commissioners that most of this is driven from Congress, which is the appropriator of the funds. The appropriations come with laws and provisions which can change yearly. This year there is an additional emphasis on leasing, to try to prevent the reduction of funds in the future. When Congress appropriates funds, if it's not spent, they tend to think it's not needed.

J. Finger clarified that the sanctions are not meant to be a threat nor are they automatic. Rather, it's a process that is in place for Housing Authorities that ignore the situation and do not lease up vouchers when they have the ability to do so. The decision of whether or not there would be sanctions would happen at the end of the fiscal year by looking at the lease up rate of either the unit utilization or the budget authority. Housing Authorities below 95 percent would be questioned about why they are underutilized and what their leasing plans are; based on that, HUD would make a determination if sanctions are appropriate. J. Finger stated his understanding is that sanctions could occur when there is ignorance of leasing potential or if the Housing Authority is avoiding leasing. He stated that the BCHA is taking an in depth look at this, which is appropriate. He reiterated that sanctions are not automatic if you fall below a certain leasing level.

A. Nicholson expressed his appreciation for these comments. He understood sanctions to be a penalty. J. Finger interjected, stating that sanctions are indeed a penalty for Housing Authorities

that don't use their money when there are people in need. However it's not automatic. Special circumstances would be considered and in his mind, he didn't believe this would be an automatic sanction for BCHA.

A. DeKeyser asked for clarification if utilization is in regards to HAP utilization or Voucher utilization. J. Finger replied that it could be either. He stated that less than 95 percent of either budget authority or of units is a concern. He added that in most cases the budget authority is exhausted before the number of baseline units is reached.

J. Finger stated that the BCHA is in a good situation in that we have the ability to lease up more vouchers to help more people and that we have the admin reserves to be able to accomplish this. He expressed appreciation for staff and ICS making the effort to accomplish that. It would be a different situation if we didn't have the admin reserves to make this happen.

A. Nicholson stated that BCHA was awarded 100 percent of the funding that was applied for and asked R. Hallet if it is correct that this is the first time that has happened. R. Hallet confirmed that in the past the set aside had typically been prorated at 50 percent. R. Hallet also clarified that Housing Authorities do not apply for a specific dollar amount; rather, they mark a box indicating the category of set aside funding for which they are applying and then HUD reviews the numbers that are submitted through the electronic system and they determine how much Housing Authorities are eligible for. A. Nicholson inquired how HUD determines how much we're eligible for. R. Hallet stated that we applied for set aside under the category of portability, so they would look at numbers regarding port out vouchers. J. Finger stated that the data submitted through the system allows for HUD to pull information on per unit costs, portability costs, etc. He further reiterated that the proration is based on what Congress appropriates. The HAP funding for 2015 was not prorated; it was funded at 100 percent this year, whereas in past years it has been as low as 94 percent, so this was a good year from HAP funding standpoint. This is not true for the Administrative Funding, as that was funded at 73 to74 percent.

A. Nicolson inquired if the federal government or Congress tracks where people are coming from, the reason why we have so many port outs. J. Finger stated that our situation is not untypical; when there is a greater need in urban areas, people will move out to pick up Vouchers in other places. A. Nicolson stated his opinion is that instead of funding a city (Housing Authority) that has port outs, they should finance the city (Housing Authority) from which individuals are leaving, since people are going back to where they are coming from. He stated that HUD and Congress should allocate more funds to a Housing Authority from which numerous people are leaving instead of the cities people are moving to. J. Finger stated that this issue has been raised, but the Faircloth Amendment determined the baseline number of units in various jurisdictions and the funding each year is established through a formula based on the baseline number. So this would take a change to both Congress and HUD Headquarters to change the process for funding.

A. Hartman inquired why we have to pay more for port outs. She stated that not only do we lose the Voucher when someone ports out, but we're also losing the ability to help someone else here because we are paying twice as much on their port out Voucher. J. Finger stated this is a common concern, as this issue happens to a lot of Housing Authorities in Wisconsin outside of Milwaukee and Madison. Portability is a statutory right, so this is an inherent problem. If a Housing Authority is out of money, then they can deny portability, but that is the only time.

A. Nicholson asked why HUD doesn't allocate the money in a more timely fashion, as this puts the BCHA in a very difficult position. J. Finger stated that this situation is unique due to the timing of the set aside; this was not intentional, but is just how it happened. That is why HUD Milwaukee staff is doing what they can at this point to help us spend the money so that we have less in reserves by the end of the year.

R. Hallet set a reminder that HUD and BCHA/ICS staff is being proactive in trying to make a plan to use the funds before anything detrimental such as sanctions would occur. It is not an urgent situation in that we could be sanctioned next week or next month. We were cautious at the end of 2014, in fear that the reserves could be recaptured, but that did not happen, which is a positive. Now we are into 2015, we need to have a plan to spend the money.

A. Nicholson stated that this is R. Hallet's opinion. He stated that J. Finger stated that sanctions might not happen because we are doing our due diligence and we are in an unusual situation. He doesn't feel R. Hallet's comments where fair and requested that be recorded for the record.

R. Hallet reiterated that there are families on the waiting list waiting for a Voucher, so there is a need.

T. Diedrick stated that as Commissioners, the Authority needs to look at this as an opportunity to reduce the waiting list. There are people in need of safe, affordable housing and we have an opportunity to help them.

A. Nicholson stated another question that was brought up is if the county has enough rental units to house this many more people. T. Diedrick said there is no way of knowing that; nobody tracks that information. A. Nicholson suggested it should be tracked. T. Diedrick made a reminder that it is not the BCHA's responsibility to find units for families; it's up to them.

A. Hartman stated what upsets her is that we've been told we must get this done as soon as possible, but this was not our fault, it was HUD's and now they are pressuring us to get this done as fast as we can. She stated that we have been working at leasing up and we got a good report at the end of last year and all of a sudden we are told we are bad because we're not doing things fast enough. She stated we want to do things so that people are not defrauding the program, that's the reason we're not doing things as fast as we can. She doesn't understand why we can't be given an extension to spend this extra money.

J. Finger countered that no one is saying the BCHA is doing anything bad. BCHA has the potential to help a lot of people, which is a condition that a lot of Housing Authorities wish they were in. BCHA has the HAP funds available and they have Admin reserves to make it possible. HUD is not saying BCHA is bad, but is trying to help us from getting a poor score at the end of this year. If we do nothing to lease up additional vouchers, that will look bad. HUD realizes this is a difficult situation with the timing of the funds and they are trying to do the best they can to help us. Doing nothing would be the worst thing we could do right now.

A. DeKeyser stated that the BCHA has the ability to clear our waiting list and put us at capacity, which are 3401 vouchers. Considering HAP funding were not prorated this year, he asked if we will have enough HAP funding next year if here is a proration to continue to support the 3401 vouchers? S. Koegler stated that in looking at the two-year projection tool and considering the leasing plan that was established, which would put us just over 100 percent utilization for Vouchers, it still leaves BCHA with all of our HAP reserves, which is currently $3.3 million, or about 18-22 percent of total funding. Unlike most other Housing Authorities in Wisconsin, in 2016 BCHA would still be able to support 100 percent of the vouchers even if there is a proration.

A. DeKeyser posed the scenario that if we use up most of our reserves in 2016 and we're down to the 8.5 percent, if we're still at 100 percent utilization and HAP funds are prorated the following year, will that mean we'd have to terminate people who already have a voucher? J. Finger stated that Housing Authorities have to do projections and know their attrition rates and per unit costs to plan for when they need to stop issuing vouchers. From there, the normal attrition would take you down to the baseline number without overspending.

A. Hartman asked what happens if a person can't find a place to stay? Do we take the Voucher back? J. Finger stated that we know our success rate is about 60 percent, so if we know we need 60 vouchers filled, we would issue 100 vouchers. This all goes into the projection tool. There are times that families don't lease up; it's up to the Housing Authority to determine how many extensions we want to allow and under what circumstances.

A. Hartman inquired if we're still under a deadline to get this spent in less time than we would normally have. J. Finger stated that they are working with almost all of the Wisconsin Housing Authorities because of the 100 percent proration this year. A large majority of WI Housing Authorities have leasing potential and they are trying to get them to lease up. It's all about trying to house as many people as possible.

A. Hartman asked if the leasing situation has changed from the last meeting. P. Leifker stated that they haven't issued any more vouchers, but they have continued to work with vouchers that were already in process. He stated that prior to the last meeting, ICS had pulled through May, but after the last meeting they hadn't pulled any further. He stated that they were on track to issue 400 vouchers the day after the previous meeting, but that was put on hold due to the action taken at the last meeting.

T. Diedrick asked if we had been leasing about 150 vouchers per month, which P. Leifker confirmed that was the average from the past six to twelve months. T. Diedrick asked if the goal is to increase that to 300-400. P. Leifker stated that we had planned to issue 400 in May, 400 in June and 300 in July, which could potentially get us to 100 percent utilization. This is based on various data that is entered into the projection tool, including success rate, how quickly voucher holders lease up and per unit costs, but there are factors that we cannot predict, such as families that have larger than average HAP payments, which can affect the plan.

A. Hartman asked how many people are on the waiting list currently. P. Leifker responded that as of May it was 500-600, not counting applications received in May.

A. Nicholson asked how many people are applying to port out. P. Leifker stated that applicants do not indicate their intention to port out on the application. That is not known until they are called off the waiting list and have an initial appointment. P. Leifker stated they are internally tracking the number of clients who have expressed interest in porting out.

A. DeKeyser stated that port outs are about 4.4 percent of all vouchers. Based on that, there could be potentially 80 port outs. However there isn't anything we can do to control that. It is relevant in terms of planning, but it's not relevant to the decision that needs to be made today. A. DeKeyser requested that the number of port outs be added to the monitoring.

M. Roberts indicating that the monitoring and use of the forecasting tool will include tracking the current status, the success rates, the port out rates, etc.

T. Diedrick asked if the $32,000 in Administrative expenses that is being requested is just for the three months, which M. Roberts confirmed.

A. DeKeyser stated that this extra effort will be viewed positively by HUD when we get to the end of the year.

C. Goddard reiterated that doing this lets us house several hundred more people than would have otherwise been housed, to which T. Diedrick agreed.

A. Hartman asked if by taking so many people off of waiting list, does that make BCHA more attractive to people looking for vouchers? M. Roberts stated it does not when we no longer

have the capacity to issue more vouchers. He indicated that ICS could post on their website that they are at full capacity.

A. Nicholson asked how many additional vouchers will be available with this new funding. M Roberts responded it would be an additional 600 from where we are now, but still within the maximum of the baseline vouchers.

T. Diedrick made a motion to use Administrative Reserves for temporary overtime for ICS staff to increase the utilization rate of the HCV program. C. Goddard seconded. Motion carried with A. Nicolson and A. Hartman voting no.

A. Nicolson made a motion to adjourn, seconded by A. DeKeyser. Meeting adjourned at 11:41 AM.

rh:jd