

**Newark Housing Authority
Board of Commissioners
June 12, 2019**

Summary of Meeting Minutes

Opening:

The regular meeting of the Board of Commissioners was called to order at 5:00 PM sharp by the Vice-Chairperson, Kevin Heitzenroder.

I. Roll Call:

Board of Commissioners present: Lloyd Harris, Kevin Hetizenroder, Donna Shand, Nikki Lane, Emile Brown and Marguerite Ashley. Marene Jordan-Executive Director and Donald Gouge Jr. NHA's attorney were also present.

Note: Mr. Gouge arrived at approximately 5:09 PM after roll call was taken.

Note: Mayoral Appointment Dr. Horacio Lewis was in attendance as a visitor as his official confirmation paperwork was not circulated prior to the meeting.

II. Guest: Mr. William Dreisback, Representative from CSG Advisors – PowerPoint Presentation on Funding Strategies for NHA's proposed redevelopment plans

On behalf of the Board of Commissioners, Vice-Chairperson, Kevin Heitzenroder welcomed Mr. Dreisback to our meeting.

After an informal introduction from Mr. Dreisback, he began the presentation of the redevelopment of George Reed Village II with the current layout of 100% of the ACC units broken down by our existing bedroom configuration vs. the proposed site plan including 4 phases. These phases would be inclusive of 54% mid-rise units (phase1) and 47% garden style apartments (phase 11-IV) with an **additional 12 units** (six 1-bedroom and six 4-bedroom).

Transfer to Vouchers (TPV/PBV) from ACC units:

Option A:

- Applicable to small PHAs like NHA with 250 or fewer ACC/Section 9 public housing units.
- Requires NHA to close-out its public housing program.
- Convert units to HVC program.
- Includes conversion of units at Alder Creek & George Reed.

Option B:

- Section 18 Demo Application for George Reed Village– requires Obsolescence so that HUD can determine if it's effective for new construction rather than rehab.
- Section 18 Dispo Application for the scattered sites – 4 units or less.
- Layout and lack of uniformity of properties make it less cost effective.

If NHA decides to convert its housing stock under either the Streamline Conversion process or Section 18, the funding available to the authority will change. After conversion, NHA will no longer receive public housing capital/operating funds. Instead, NHA will receive a Section 8 administrative fee and generated income from the program.

The initial subsidy received for vouchers will be less than the payment standard amount for the initial 2-year period leaving a variance of \$235 per unit per month.

Financing Assumptions:

- New Construction of 68 units at George Reed
 - a) 1-bedrooms 42
 - b) 2-bedrooms 8
 - c) 3-bedroom 11
 - d) 4-bedroom 7
- \$.90 tax credits
- 100% of 2-year Historical Operating Expenses
- Debit Terms
 - a) 5.75% interest
 - b) 30 Years
- Hard Costs Variables
 - a) Low cost \$115k per unit
 - b) Medium cost \$138K per unit
 - c) High cost \$280K per unit
- LIHTC
 - a) 4%
 - b) 9%
- Subsidy
 - a) ACC
 - b) Voucher

NHA Closing Funding Gap Options:

- Sale of Scattered Sites
- Capital Fund, Choice Funds, Replacement Housing Factor & Demolition and Disposition Transition Funding
- Operating Fund Reserves
- Program Income

Development Fees:

- Potential for additional funding up to \$1M at closing if self-developed.
- Potential for additional funding up to 50% of developer fee as a co-developer partner.

Partnering with a Private Developer:

The development team has depicted three general options in partnering with a private developer.

- **Model A:**

Is where NHA procures a private developer and basically delegates all the development responsibilities. This model delegates the responsibilities to a private developer to identify the scope, design, financing, ownership, etc. The developer would be responsible to the debt and equity providers and serve as the guarantor to those third parties. The developer has control of the developer fee, cash flow and other economic benefits. This is the model NHA used at Alder Creek.

- **Model B:**

Is where NHA procures a private developer partner but as a co-developer and with a more limited scope than in Model A. By engaging a co-developer, it delegate's responsibility for construction and the initial operating period to the co-developer but at the end of the initial operating period the responsibility reverts back to NHA (ownership/management). The details of this type of transaction are subject to negotiations with the possibility of a 50/50 split of developer fee and cash flow with a developer partner.

- **Model C:**

Is where NHA serves as its own developer and does not engage a private developer partner. This model allows for complete control inclusive of construction and operating risk since NHA would have no developer to shield it from the development risk.

Summary:

NHA's agency representative CSG Advisors prepared an analysis of a range of scenarios: if all units remained as public housing; if ALL units (NHA units and Alder Creek Units) were converted to section 8 TVP under a SVC at the authority's average payment standard for TPV's as well as a conversion under a Section 18 Demo/Dispo for 56 units owned and managed by NHA. CSG assumed that the redevelopment of George Reed Village would include 68 new construction units (an increase of an additional 12 units). The rental assistance for those 68 units is anticipated to be as follows:

- 36 units are anticipated to have funding derived from TPV's that would be issued by HUD based on a determination of obsolesces for the units at George Reed Village and that assistance would be project-based.
- 12 new project based vouchers could be awarded by NHA to the project from unused vouchers associated with NHA portfolio.
- 20 tenant protection vouchers would be related to scattered sites of 4 units or less.

NHA needs to evaluate the development options mentioned during the presentation and decide which model is the best fit for our goals. If NHA moves forward with procuring a development partner, then NHA should include detailed terms in its solicitation of a developer partner so that respondents are responsive to the type of partnership NHA desires.

CSG Advisors Recommendations:

- Apply for 9% LIHTC for the redevelopment of George Reed Village with a co-developer. If NHA is not successful in receiving 9% credits then the gap to be financed will be from anticipated sources below:
 1. Sale of Scattered Sites
 2. Operating Fund Reserve
 3. Grants/Soft Sources
 4. Other Reserves

- Shortfall risk in the short term on vouchers
 1. Limit rents via rent reasonableness
 2. Use HVC reserves to finance shortfall

The above (in summary) concluded the presentation from Mr. Dreisback. During his presentation questions were asked and answered. The Vice-Chairperson thanked Mr. Dreisback for his presentation.

Board Conclusion:

The power point presentation of the low, medium and high cost bar chart illustrations presented by CSG Advisor (Will) allowed for questions and answers. After a brief discussion, it was agreed that the medium cost bar chart depicting TPV sources and uses for a conversion securing 9% LIHTC inclusive of 68 units in total (based on HUD's expected development cost) appeared to be manageable and obtainable with the understanding that 9% LIHTC in this scenario is highly competitive.

However, on a conservative level, the medium cost bar chart depicting TBV sources and uses for a conversion with 4% LIHTC (using the same approach) may be the better approach with the means of NHA fulfilling the \$3M funding gap from sources mentioned above.

A motion was made by Vice-Chairperson/Chairperson of the Development Committee to grant the Executive Director and the mixed finance attorney the means to engage in discussions with Ingerman. This would be done in an attempt to negotiate the terms and conditions of a possible RAD conversion at Alder Creek to comply with the SVC and report such findings to the board at its next meeting. If it's been determined that amicable negotiations cannot be reached, then NHA will move forward with a Section 18 Demo/Dispo application. Ms. Shand/Mrs. Lane 2nd the motion.

Aye 6 (Mr. Harris, Mr. Heitzenroder, Ms. Shand, Mrs. Lane, Mr. Brown and Ms. Ashley)
Nay 0
Motion passed, Vote: 6 to 0
Abstain: 0

III. Approval of Minutes:

(a). Special Minutes from April 26, 2019

The Vice-Chairperson asked for approval of the special minutes from the April 26, 2019 meeting. Mrs. Lane made a motion to approve the minutes. The motion was 2nd by Ms. Ashley.

Aye 4 (Mr. Harris, Ms. Shand, Mrs. Lane and Ms. Ashley)
Nay 0
Motion passed, Vote: 4 to 0
Abstain: (Mr. Heitzenroder and Mr. Brown – both not present for meeting)

IV. Report of the Executive Director:

(a). Staff Report for the month of April:

The Vice-Chairperson asked for the report of the Executive Director for the month of April. Mrs. Jordan provided the following report:

City of Newark's Rental Work Group:

NHA representatives attended a May 16th meeting as an appointee to the City of Newark's Rental Work Group. As a member of the Affordable Housing sub-committee, NHA representative(s) joined a roundtable discussion regarding the recently merged sub-committees of Non-student Rental Housing and the Affordable Housing members. During this meeting goals were established for further discussion at the next meeting scheduled for June 13th.

Alder Creek:

NHA was made aware of a new staffing change at Alder Creek. NHA is assisting the new property manager with compliance and procedures.

Analysis of Impediment Study:

The collaboration with all PHA's and other community leaders with regards to the Impediment Study continues to make progress. Follow-up calls are held frequently to discuss the next stage of the study.

DE NAHRO Annual Conference:

The DE NAHRO Annual Conference was held on May 17th. A roundtable discussion of "Assessing Housing Programs" was a concurrent session affording opportunities to build relationships.

2019 Capital Funds:

HUD announced PHA's awards for Capital Funds for 2019. NHA was notified of an allocation in the amount of \$278,110.

Re-allocation of CDBG Funds:

NHA is still awaiting a response to our request to re-allocate funds awarded the 44th year in the amount of \$35,000 from acquisition to operations.

Opening of our Waiting Lists:

NHA is planning to re-open our waiting lists for Section 8 and for our 4 bedroom under the LIPH program. A date and time has not been determined.

The Vice-Chairperson asked for a motion to approve the staff report for the month of April. Ms. Ashley made a motion to accept the report. The motion was 2nd by Ms. Shand.

Aye 5 (Mr. Harris, Ms. Shand, Mrs. Lane, Mr. Brown and Ms. Ashley)
Nay 0
Motion passed, Vote: 5 to 0
Abstain: 0

IV. Report of the Executive Director:
(b). Staff Report for the month of May:

The Vice-Chairperson asked for the report of the Executive Director for the month of May. Mrs. Jordan provided the following report:

Mobile Food Pantry Event:

The Mobile Food Pantry Event (in collaboration with the Food Bank of Delaware and the Newark Area Welfare Committee) held at Alder Creek on Saturday, May 11th was a huge success. Thirty-one families registered and participated in this event. The number of families participating in this event was the highest ever. This high turnout was due to the event's location and community outreach. The next event is scheduled for Saturday, September 21, 2019. Former Mayor Polly Sierer attended and participated in the food drive.

Newark Arts Alliance - Art to go program:

NHA and representatives from the Newark Arts Alliance (Art to Go Program) are planning another arts project within the next few weeks. The project would pair children with seniors to do a project together. The event will be held at Alder Creek. The date is not yet determined.

Unaudited Financials Submission:

NHA submitted its unaudited financials to HUD electronically on May 14th for FYE March 31, 2019. HUD has accepted the financials. The FYE March 31, 2019 Annual Audit is scheduled for August 12th – 16th.

SEMAP Submission:

NHA submitted its Section 8 Management Assessment (SEMAP) certification for FYE March 31, 2019 to be evaluated for compliance in administering the Housing Choice Voucher Program to HUD on May 8th. The evaluation and review has begun. The results are expected within the next few months.

Section 8 Briefing:

NHA held a Section 8 briefing on Friday, May 24th where twelve vouchers were issued to families who qualified for the program. The vouchers issued to the families ranged from 1 – 3 bedrooms. NHA contacted our landlords prior to the briefing to assist the families with the apartment/home search.

Scope of Work Solicitations:

NHA solicited the Scope of Services for Legal and Fee Accounting Services for the period beginning July 1, 2019 for a three year period with an option for two 1-year renewals. NHA received one response for each service solicited.

The Vice-Chairperson asked for a motion to approve the staff report for the month of May. Mrs. Lane made a motion to accept the report. The motion was 2nd by Mr. Brown.

Aye 5 (Mr. Harris, Ms. Shand, Mrs. Lane, Mr. Brown and Ms. Ashley)
Nay 0
Motion passed, Vote: 5 to 0
Abstain: 0

IV. Committee Reports:

A. Report of Policies, Procedures, Compliance & Personnel Committee – Chairperson (Vacant):

The Vice-Chairperson of this Board mentioned that this sub-committee Chairperson position is vacant. After some discussion amongst the board members, Mrs. Lane made a motion to nominate Mr. Brown as the Chairperson of this committee since he co-chaired the committee with former board member Mr. Doughty. The motion was 2nd by Ms. Shand. Mr. Brown accepted the nomination.

Aye 6 (Mr. Harris, Mr. Heitzenroder, Ms. Shand, Mrs. Lane, Mr. Brown and Ms. Ashley)
Nay 0
Motion passed, Vote: 6 to 0
Abstain: 0

- (a) Proposed Bed Bug Policy – Tabled/No Action
- (b) Proposed Fair Housing Non-Discrimination Policy – Tabled/No Action

B. Report from Development Committee – Chairperson (Mr. Heitzenroder):

Mr. Heitzenroder was present for this meeting. He mentioned that Mr. William Dreisback, the representative from CSG Advisors had already provided the overview report from this committee. He deferred the update for the RFP's to Mrs. Jordan.

Mrs. Jordan reported the following as an update for this committee:

- **Update: RFP 2019-01 (A&B) – Appraisal Service:**

NHA received one response for both RFP solicitations. Mrs. Jordan acknowledged that Mrs. Lane assisted her with edits to the RFP after receiving some feedback from interested respondents. Delaware Appraisal Group responded to the RFP's.

1. RFP 2019-01A –Appraisal services for Delaware/Independence Circle Tax Parcel #18-021.00-071 which consists of 2.43 acres of land consisting of 36 1-bedroom units (1&2 Story Buildings) and the 1 story Admin Building: Delaware Appraisal Group provided a response with a fee of \$4,500 with the appraisal to be completed by August 9, 2019.
2. RFP 2019-01B – Appraisal Services for 18 Scattered Site Residential Rental Properties owned and managed by NHA: Delaware Appraisal Group provided a response with a fee of \$10,000 (for all 18 rentals) to be completed by August 9, 2019.

Mr. Heitzenroder asked for a motion to accept the proposals since this is our 3rd attempt to receive any responses to these proposals. He expressed that by doing so the appraisals can commence. He noted the fees associated with both proposals appeared to be fair and reasonable. Ms. Ashley made a motion to accept the proposals. The motion was 2nd by Ms. Shand.

Aye 6 (Mr. Harris, Mr. Heitzenroder, Ms. Shand, Mrs. Lane, Mr. Brown and Ms. Ashley)
Nay 0
Motion passed, Vote: 6 to 0
Abstain: 0

Note: Mr. Heitzenroder's board term will expire in July. Since the board does not meet in July, this is Mr. Heitzenroder's last meeting; thus, leaving the Chairperson's seat vacant for this sub-committee.

Mrs. Lane took the opportunity to thank Mr. Heitzenroder for his time on the board.

C. Report of Finance Committee – Chairperson (Ms. Shand):

The Chairperson of this sub-committee, Ms. Shand, was present and presented the financial reports for the period covering April 2018 – March 2019. She noted the reports reflect one year of financials; consistent with our fiscal year that was submitted to HUD.

(a) Monthly Financials

In presenting the monthly financial reports (Budget vs. Actual Report) for the LIPH program, she noted the income for this reporting period was about 22% higher than we expected. She asked Mrs. Jordan to clarify; leaving time for other questions to be asked.

Mrs. Jordan responded specifically for budget line items: 3110.00 – Tenant Rental Income and 8020.00 LIPH subsidy is based on a projection. With the tenant rental income, the income could go up or down depending on reported income from residents. The subsidy line is contingent upon any pro-rations that may vary annually. However, with the 3692.70 the drawdowns of these funds are discretionary; based on the needs of day to day operation.

Mrs. Shand referred to the Profit & Loss report for the Section 8 Program. In reviewing this report, there was nothing unusual about this report as well. There were no questions regarding this report.

D. Strategic Planning Committee – Chairperson (Ms. Shand):

The Chairperson of this sub-committee, Ms. Shand, was present. Although there was no report from this committee, a committee meeting will be held sometime in September.

V. Attorney Issues:

N/A

VI. Old Business:

- A. From the other Commissioners: None
- B. From the Executive Director: None
- C. From Legal Counsel:
 - 1. Mr. Gouge reported that he filed a wage attachment on a former tenant who left owning money. A court date is pending.

2. Mr. Gouge reported (as a follow-up from last month) on the former tenant who had filed a Human Relations complaint for discrimination based on a reasonable accommodation. He noted the latest violation had to do with the former tenant not maintaining her grass after reporting that her lawn mower was stolen. Then, reported that she was involved in a car accident (that she allegedly informed NHA of) as being the reason she could not maintain her lawn. The JP courts allowed for a Stipulated Agreement of which she agreed to move. Once she moved, she filed a complaint of discrimination after learning that she would not hold her current spot on the Section 8 waiting list. Her moving caused changes in her waiting list status by voiding all the preferences she was eligible to receive. Since NHA was unable to verify her **reported** disability according to HUD's definition, a reasonable accommodation was not granted; thus, prompting her to file the complaint. However, all parties were able to come to terms under a Conciliation Agreement. The former tenant was invited in to determine her eligibility to receive a voucher and participate in the Housing Choice Voucher Program.

VII. New Business:

- A. From Commissioners:
 1. Retreat:

Mrs. Shand said she would like to discuss having another retreat to discuss some housekeeping issues. Mrs. Jordan was charged with researching options for board training that includes training for new board members and a refresher for current members.

2. From the Executive Director:
 - a. Review/Discuss By-Laws (Meeting Time)

After a brief discussion among the board members, it was decided that changing the 5:00 PM meeting time for the regularly scheduled board meeting was not needed.

- b. Discuss/Nominate Vacant Sub Committee Chairperson – Tabled
- c. Resolution #399 - Resolution amending board approval on January 9, 2019 relating to NHA's 2019 Annual Plan and/or 5-year plan and the use of CFP 2019. The amendment was to seek board approval of the remaining 2019-2021 years under the current 5-year action plan.

The Vice-Chairperson asked for a motion to amend the resolution. Mrs. Lane made a motion to accept the amended Resolution (#399). The motion was 2nd by Ms. Ashley.

Aye 6 (Mr. Harris, Mr. Heitzenroder, Ms. Shand, Mrs. Lane, Mr. Brown and Ms. Ashley)
Nay 0
Motion passed, Vote: 6 to 0
Abstain: 0

3. From Legal Counsel: None

VIII. Visitors and/or Petition:

Mrs. White was present. Her questions were answered during the power-point presentation.

X. Adjournment:

The Vice-Chairperson asked for a motion to adjourn the meeting. Mrs. Lane made a motion for the board to adjourn. The motion was 2nd by Ms. Shand.

Aye 6 (Mr. Harris, Mr. Heitzenroder, Ms. Shand, Mrs. Lane, Mr. Brown and Ms. Ashley)
Nay 0
Motion passed, Vote: 6 to 0
Abstain: 0

Meeting adjourned at approximately 7:11 PM
Minutes Submitted by: Marene M. Jordan, Executive Director

APPROVED