

Missoula Housing Authority Board

Regular Board Meeting
Wednesday, Jan 18th, 2012

-MINUTES-

Members Present: Collin Bangs, David Warren, Emily Bentley, Sheila Lund,
Jamie Hoffmann

Members Absent: Betty Zander, Fred Simpson

Staff Present: Lori Davidson, Kevin Schouweiler, Gloria Fortier, James Weir,
Karl Pare, Jim McGrath, Adam Ragsdale, Elizabeth Marshall,

Guests Present: Keithi Worthington

I. Call to Order: The meeting was called to order at 5:31 pm.

II. Attendance: See Above.

III. Intro:

-None

IV. Minutes:

-Dec 21th 2011

Bangs motioned to approve. Warren seconded. Hoffmann abstained from voting due to not attending December's meeting. None opposed. Minutes approved with all in favor.

V. Conflict of Interest Disclosure:

None

VI. Commissioner Comments

None

VII. Public Comments on Items not on Agenda:

None

VIII. Action Items

None

IX. Staff Reports

a) Palace-

Davidson reports that they are still working on a management plan for the program. Investors, PNC Bank, along with the loan underwriters from Louisville, and Construction Investors visited the project for a tour and to assess the condition of the building as it stands. An earthquake study was performed stating that the likelihood of loss was in the range of 15-22%. The Palace already has earthquake insurance in place. *(Note: This is not correct. We don't have earthquake coverage at the Palace, but we can get it.)* Hoffmann asked to see a copy of the physical needs assessment (PNA). Davidson was unsure if the investors would supply a copy but will ask if the board can see their copy. Davidson reports coming close to the closing of the acquisition loan.

Lund asked if the superintendent has been hired for the Palace rehab. Davidson confirmed that a superintendent has been hired. Jason Mitchell has been hired for the position and will start sometime in February. James Weir commented that he is highly impressed with work that has been done thus far by Sam Oliver, Project Manager and Josh Kosar, Development Associate.

b) Silvertip-

Davidson reports the project is still on schedule. The project is expected to be finished before its scheduled completion date. Davidson states up to 40 construction workers are on site at any given time. Excess contingency funds are going towards landscaping improvements. Rocky Mtn Development is still looking for improvements to spend the remaining excess in contingency funds. Davidson states this project is going screamingly well and that she would hire Headwaters Construction any day. Davidson credits such great success to their access to subs and their ability to get people together.

c) IDC-

Hoffmann brought up a change in state regulation involving multi-unit projects with more than one building. The regulation states any project with more than one building on one lot must undergo a subdivision review. This process is expensive and can take 1 year or longer to approve. This change requiring subdivision review could affect Brownstone's proposed project for the IDC site. Hoffmann feels one solution is to look to the state legislature to provide relief. Worthington feels this would take up to 13 months in order to see any change through legislation at the state level. Worthington suggested having MHA board, in cooperation with other projects, bring to the Mayor a list of projects this issue affects and ask for the Mayor to help OPG find a truncated approval process. Worthington outlined the review process as first approaching OPG, then City/County Planning Board, next the City Council Planning and Zoning (PAZ) Committee, and finally the full Council. Davidson feels the process could be truncated to meet the statutory minimum of 90 days. Hoffmann states that OPG's office wasn't open 2 hours when he laid 5 projects on their desk, with site plan copies, and let them know that their

regulations affects all 5 projects. Hoffmann left their office without a solution. Davidson feels this is a tragedy that will force developers to end up with 50 units in one building because there is no other solution around a possible \$200,000, 2 year long process.

Bentley asked if there are any actions that the board should be taking to advocate for a truncated process.

Worthington feels the quickest remedy would be to approach OPG, let them know the implications and ask to have the process truncated to a 90 day review process.

Worthington also explained that OPG is its own entity and can make its own changes for their procedures. A long-term fix would be to change the regulation through legislation at the state level.

Davidson thinks since the IDC site has already been subdivided that the review process should not need to be reevaluated.

McGrath interjected, stating that Davidson just provided the right angle for the truncated process. Provided the review that has already been completed, MHA could inform OPG that the impacts have not changed and no changes have been done. Then, request OPG to sign off on the project as having been already completed the review. Bangs states that next Thursday 1/26/12 at 11am, a regular meeting with OPG, Mike Barton, realtors, builders, surveyors and contractors will be held. Bangs thinks the board, along with Pat Corrick and Jim McLeod should approach Mike Barton in advance of this meeting to discuss the problems and solutions. Davidson asked if a public notice will be needed if there are more than 3 board members present. Worthington responded that it would be needed and feels just 3 members would be sufficient. Hoffmann added that he would be gone next week but if the meeting could happen by Friday he'd be able to attend. Bangs, Bentley and Hoffmann agreed to approach Mike Barton, if possible, before Friday, 01-20-12. Bentley also feels Mayor John Engen should be informed of this meeting time. Davidson agreed.

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d) Public Housing Disposition-

Davidson reports 2 units and 1 lot still on the market. Davidson asked James Weir if there is just one exit to each unit. Weir explained that there is just one exit, a front door, to each of the two units. Weir explained this and other features of the floor plan have been reported as unfavorable by potential buyers. Davidson states that due to wiring on the backside of the units, that a porch cannot be added without expensive moving of the wiring and plumbing. Davidson also states that given the length of time on the market, that she is looking at approaching HUD for another approval to lower pricing on the units. Hoffmann offered to review the units and provide improvements that could be done to entice prospects on the potential for the units. Davidson asked the board for their opinion on asking HUD if the units could be placed back into the inventory for Public Housing. Bangs responded that if he was considering whether to keep the unit or sell it, he would first look at whether or not the unit is able to cashflow. Hoffmann brought up the fact that MHA just acquired new replacement public housing units at \$50,000 each. Hoffmann continued with the idea of just one sale netting enough to acquire 1 ½ units would be enough for him to justify selling over keeping a unit even with a reduced price.

e) Burns Street-

A unit was just purchased at the development. Another potential sale is in the works with a Section 8 tenant. McGrath reports having received a call from the bank on this deal. Davidson reports another possible rent-to-own deal with a voucher participant. Davidson states that the Palace has consumed most of her time and that it is unlikely she will be able to further pursue acquiring units for at least another two weeks. It is on her to-do list.

Davidson reports a city council accounting and finance (A&F) committee meeting on the 23rd that will discuss the terms of its loan to NMCDC for the Burns Street Development. Davidson explained that Title 1 money, in the amount of \$400,000, was loaned to NMCDC and a request has been put forth to request these funds be converted into a grant that would not have to be repaid. Hoffmann added that NMCDC would also consider just a portion of the loan to be converted to a grant. NMCDC is open to whatever they can get the Council to agree to. Davidson invited any members who wished to support NMCDC to attend. Davidson states that NMCDC is looking to reduce their debt service so they can reduce the sale price of the units.

f) RD Self-Help-

Holly Johnstin, currently a ROSS Coordinator for MHA, has been hired as the new RD family coordinator. Johnstin has been working on the family applications, learned the loan process and has been helping with the loan packaging for the families. The project has approved 8 of 10 families needed, but is still working with potential families that can fill the final 2 openings. NeighborWorks (NW) is sending Johnstin to training for a week on a scholarship. MHA is still paying for her time through the ROSS grant until the RD grant comes through. Johnstin will go to full time on the RD project when the grant is received. At that point, MHA will look to hire the construction superintendent and one 1/2 time superintendent, probably in April. Construction is scheduled for the beginning of June. Bangs notices the lots at the Wye are under a buy-sell and asked if NW was the one who initiated this. Adam Ragsdale confirmed receiving an update from NW on having the lots committed through a buy/sell.

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g) Homeless Plan-

Davidson reports that the Reaching Home Committee is really moving forward on their 10 year plan. She is impressed with the work they are doing. Several sub-committees have been formed to take on the issues. Davidson reports being a part of one of the sub-committees and was very impressed with the knowledge base and resources that the Reaching Home Committee is working with. Adam Ragsdale and Mary Melton are each on a subcommittee. Mary Melton will take Jim McGrath to the next meeting with her subcommittee. Keithi Worthington states they are on step six of the HUD approved model they are following. Worthington reports that step six is to identify all the stakeholders involved, the top potential problems and the top solutions to these problems.

They've been talking about preventive measures of homelessness and services for currently homeless. There is a task group for preventive or supportive services, a task group for temporary and emergency housing, a task group for affordable and permanent housing and a task group for the hardest to serve homeless. Bangs asked if Worthington would be attending the upcoming Housing First Training in New Orleans. Worthington responded that she will be attending and that the Committee was glad to hear that she would be receiving such training.

X. New Business

a.) Possible relocation of house on 3rd street:

Davidson reports there is a commercial client looking to purchase a lot behind Wheat Montana Bakery. There is a vacant house on the lot that the owners were looking to demolish. Cindy Wulfkuhle called Davidson asking if MHA had any interest in the house, perhaps moving it to a City surplus lot if the Council deeds them to MHA. Lund inquired about the size of the house. Davidson states the house is a 3 bedroom unit. Hoffmann advised to look into lead-based paint and moving costs.

b.) Section 8 Administrative Funding:

Davidson reports that, just this week, Jim McGrath received notice that the Section 8 administrative funding would not be funded to the level previously budgeted for. Funding will be \$80 to \$90K short of the projected budget for 2012. A meeting was held with Lori Davidson, Jim McGrath, Gloria Fortier and Adam Ragsdale to discuss the ramifications this will have on the agency. What they propose as a resolution is to fund the administrative underfunding through Administrative reserves. Davidson reports MHA having roughly \$280K in unrestricted reserves. Davidson states the only place to cut cost in the program is in staffing, and added that the Section 8 program cannot be sustained with fewer staff than is currently employed in order to maintain the proper regulatory requirements. Using the unrestrictive funds to cover the necessary cost would roughly eat away 1/3 of the reserves by Davidson's projections. Davidson states there is a possibility that Congress could later choose to fund the program at a higher percentage. This has happened in the past, sometimes not until the next fiscal year, with the changes being retroactive. Davidson explained that by using the reserves to cover the costs, it will allow MHA to plan what to do over the next 6-12 months if funding does not improve. Hoffmann asked if this was an annual \$90K loss that can be expected going forward. McGrath states that it is a \$90K for this year and the next years appropriations are unknown. It could increase or decrease. Hoffmann states the only other solution would be to give up vouchers, but added this is not a favorable solution being that HUD would never give the vouchers back to the agency. Gloria Fortier added that the reserves are kept for emergency situations and that this would qualify as such an event. McGrath added that an agency with too much in reserves is likely to have HUD sweep their account as has happened in the past.

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XI. Old Business

Board Development Committee

a.) Discussion of Chapter 1 in the board member handbook.

Lund had questions on which programs do and do not apply to Missoula Housing Authority. Lund asked about Section 3 and the Resident Opportunity Services Program, and asked if MHA has a Public Housing Home ownership program. Davidson states that there is a minimum requirement for the percentage of residents under a certain income level that MHA does not meet in order to fund this program. Board is to read over chapter 2 for the next meeting and discuss. Melissa Bangs will come to help facilitate in March and review chapters 2 and 3.

b.) NAHRO Conference

Reminder about NAHRO legislative conference. Davidson invited board to attend this conference in Washington DC

c.) Property Tour-

Ragsdale announced setting up a Doodle board to coordinate everyone's schedule. The tour is to be pushed out and happen sometime early spring.

d.) A133 Audit-

Fortier announced the annual A133 audit for MHA. Fortier invited the Board to attend the exit interview that is performed by the auditing agency. It is typically Thursday afternoon. Email will be sent later next week as the exit draws closer.

XII. Adjournment: The meeting was adjourned at approximately 6:45 pm.



Jamie Hoffmann, Board Chair



Lori Davidson, Executive Director

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