

***Missoula Housing Authority Board***

Regular Board Meeting

Wednesday, December 17, 2014

-MINUTES-

Members Present: Fred Simpson, Collin Bangs, Sheila Lund, David Warren,  
Monique Casbeer, Betty Zander, Jamie Hoffmann

Members Absent: None

Staff Present: Adam Ragsdale, Lori Davidson, Jim McGrath, Harlan Wells, Lisa Bruce, Karl Pare

Guests Present: Keithi Worthington

- I. Call to Order: The meeting was called to order at 5:30 pm.
- II. Attendance: See Above.
- III. Approval of Minutes: Regular Board Meeting, November 19, 2014  
1st: Warren  
2nd: Casbeer  
None opposed, motion passes with all in favor

IV. Commissioner comments/ Conflict of Interest Disclosure

Bangs: I attended the opening of the new Poverello center, and was impressed with how well it's going to serve that specific population. However I'm concerned about the next population, those that don't need emergency shelter, and have a little bit of income. I think the housing authority needs to be involved in some sort of project with this. I'm not sure what it will be, but I think it will involve more risks than we're used to taking, and I'm going to be all for it.

V. Public Comments on items not on the agenda (Limited to 3 minutes apiece).

Davidson: This month we will be sending out our notice to the owners of Parkside that we intend to purchase it. This kicks off the due diligence process, it doesn't obligate us to do anything other than start looking at whether we want to buy the property or not. In January we would want to do some type of resolution that would authorize expenditures of funds. I will be gone the 3rd week in January, so can we move the board meeting to January 14th?

Board agrees

Hoffmann: Where do the funds come from to purchase it? Tax credits?

Wells: The acquisition is going to be us debt financing it. We have a right of first refusal which gives us the option to buy it for the lesser of debt and taxes, or the market rate. It will be a very similar structure to the purchase of River Ridge.

Hoffmann: So it's a 100% finance?

Wells: We'll use a short term bridge loan.

Hoffmann: Keithi, do we need a resolution to authorize the authority to pursue its due diligence on Parkside Village.

Worthington: You don't need a resolution, just an approval of the board.

Casbeer: I'll make the motion to authorize staff to pursue the due diligence in order to acquire Parkside.

Warren: I'll second

None opposed, motion passes with all in favor.

Wells: Yesterday I was in Helena for the discussions of the 2016 QAP. The 3 mandatory preferences that the section 42 requires any QAP give preference to are, projects serving the lowest income tenants, projects serving tenants for the longest period, and projects that are located in a qualified census tract. Montana isn't following these guidelines right now. We are hoping that one of our board members will go to an MBOH board meeting to voice our concern about the irregularities when it comes to make decisions.

Hoffmann: I'd be willing to go

Simpson: Have we considered an approach to the legislature to see if we can get it fixed that way?

Wells: My understanding is that the staff comes to the board with recommended changes, the board then decides which ones they want to accept, and they then take them to the governor for review.

Simpson: But it's a state funded agency isn't it?

Wells: They're self-funded through their operations.

Simpson: I think it's worth further investigation, if it's as politically slanted as it sounds like, the legislature should be involved, or there should be another lawsuit.

Wells: The problem is that we are the only ones that were wronged that could sue, and

that's not what we're looking to do right now. On the bright side, there were two tax credit awards that we were next in line for if either of them failed, and it looks like one is going to fail. It's only 400,000 credits, and we were asking for 475,000, which leaves about a million dollar funding gap. However the state HOME program has funding that we can apply for to help bridge that gap.

Worthington: So I just looked and the MBOH Board is self-funded but the administration of it is governed by state law and the board is appointed by the governor, subject to approval by the state senate. So there is some potential in the upcoming session to address that and bring these issues to light. The other question I had was could we work on some common testimony that other entities are experiencing the same problems and have the same concerns? I think it lends credibility if we come forward at the same time.

Hoffmann: So we can write a letter that all of these other parties could sign as well. It will cast the effort a much stronger position. And I'll be around in January to attend a board meeting.

## VI. Action Items

### a. Resolution 1014: Changes to ACOP, Section 8 Admin Plan, and Agency Plan

Davidson: This resolution is the result of a Fair Housing complaint filed through the Office of Fair Housing in HUD Denver. We had a tenant who made a complaint about us because we were not providing her with a reasonable accommodation for her disabled child. The request was for a ground floor unit because her child is in a wheelchair and could not use the stairs. We did err in this situation, although we had offered her a voucher 3 times in the past and she didn't take advantage of it. We did not have a ground floor unit that could accommodate her child when she made the request. The Office of Fair Housing drafts a voluntary compliance agreement, and we immediately agreed we wanted to help her. The solution was to again offer her a voucher, which this time she accepted, and then we paid her \$3000 in moving costs.

Hoffmann: What was the mistake?

Davidson: We had told her that we did not have a 3 bedroom accessible unit, which wasn't true, we do have one, it just wasn't vacant at the time she made the request. So through this process of the complaint being filed, the head of the office in Denver looked over all of our Reasonable Accommodation documents. They had some language they wanted us to add, which is what this resolution is for. In the 19 years I've worked here this is only the 3rd complaint we've had filed against us.

Simpson: There seems to be a disconnect between the situation you've just described and the language that Jim provided which talks about whether someone is disabled or needs a service animal.

McGrath: When the Office of Fair Housing was investigating they asked us for everything. So when they reviewed all of our documents they found some things they

wanted us to fix, unrelated to the actual complaint.

Bangs: I'll make the motion

Simpson: I'll second

None opposed, motion passes with all in favor

## VII. Staff Reports

### a) FY2014 Audit report

Davidson: It was a transitional year for us with Suzy coming in, and she did an awesome job. One of the things the auditors focused on were landlord overpayments, which hasn't been tracked very closely since Gloria left. We had about \$9000 in tenant and landlord overpayments that we hadn't collected on. It's not that we're not collecting them, it's that we've let some of them go too long without collecting them. This did not rise to the level of a finding, however they did make a management recommendation which was addressed in writing. Overall it went very well.

### b) MHA office space

Davidson: No update

### c) Cooperation Agreement with city

Worthington: Emily met with the Mayor, and I think the next step is to meet with you to revise the draft.

### d) Rural Development Self-Help program

Wells: We got a phone call from Jeff Nicely who runs the SHOP funds, and they didn't get funded nearly as high as they thought they were going to this year. This puts an additional strain on the viability of RD Self Help.

Hoffmann: What's the status of the family search?

Wells: Two.

Davidson: We have been carrying the salary for the family coordinator, and even if we do get all 10 families, we will never be reimbursed for the money that we're expending for that. Now that the debt ratio for student loans has changed, it's making it even harder to find qualified families. I think we should give it at least another month, maybe through the end of February, and then I'm going to come back to you and ask how long you want to carry this before we say it's not going to go.

Also Fannie Mae and Freddie Mac are now funding the National Housing Trust Fund to the tune of \$88 million. I believe Montana's portion of that is \$11 million, which can be used for gap funding for LIHTC projects, or used for modernization of public

housing.

Hoffmann: Going back to the MBOH, what does it cost us to put together an application?

Wells: The market study is less than \$5000, the appraisal is \$1-2 thousand, pre application is \$750, application fee is \$7-8 thousand, plus staff time. And that's just the bare minimum.

Hoffmann: Okay so when I go to the state board I want accounting of these expenses to show them.

Davidson: You could easily spend \$50,000 on an application. And then to go back and reapply when you don't get the award is probably another \$20,000.

Wells: But then on the flip side when you finally get an award there's \$7-800,000 in developer's fees.

Hoffmann: Anything else with RD self-help?

Davidson: There is still a possibility that we can use SHOP funds, because they're not tied to the RD program exclusively. We have a lot for sale up on Platypus from the disposition of Public Housing. One of the things we might want to think about is purchasing that lot from ourselves and building a home on it for a first time home buyer. I think that is something we'd be able to use shop funds for. We've discussed this model with Sam, of purchasing lots with the development fund, have Sam build them, and have shop funds come in to help the first time home buyers.

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Wells: HRC would love it. We'd be supplementing the market with shop funds.

Davidson: Also the COT with the Missoula College would like to have an ongoing program with us, we'd just need to change the curriculum so that it doesn't take 2.5 years to build a house.

Hoffmann: Who are the shop funds available to?

Wells: People who are making under 80% of the area medium income

e) Vantage Villa Update

Davidson: Work is going well. The copper piping froze and has burst. We had anticipated reusing this copper piping, but that's no longer possible. The adjuster has recommended we do a second claim for the copper piping because it was not a consequence of the fire, but a consequence of the long delay time. The claim has been accepted, and we are waiting to hear back on it.

f) City Surplus lots

Wells: We originally put the application in last January for a HOME award, and with the staff turnover there, and them dealing with a transition from the Housing branch to the Community Planning and Development branch; we've now had to apply 3 times. Luckily they have plenty of money and need projects, I was able to bring up River Ridge and our funding gap there of \$750,000. It's moving in the right direction

VIII. Old Business

a. Seeley Lake property- Pat O'Herren

Davidson: We met with Pat, Jim Morton, and Andrea Davis and had a conversation with the foundation that's looking at purchasing this property.

Wells: The foundation said they have some pre-development funds, so Andrea said she's going to put together a proposal with a market study, and some of our pro forma's from the 6-plex. Nothing can happen until the sewer is in, and they're talking 2-3 years before that will be done.

b. Change in Procurement and Personnel policies

Wells: The auditors looked at the procurement policy, and they thought we were going in the right direction

c. Board training opportunities

Davidson: Legislative conference in March in Washington DC

Casbeer: I could probably go.

Davidson: Okay, there are resident commissioner trainings. Mary Melton will also be going,

McGrath: Since this is the legislative conference, the word is that commissioners make better lobbyist than paid staff, and resident commissioners probably even more so.

Davidson: Also the Montana Housing Conference and the regional NAHRO conference are going to be in Bozeman June 18-20.

IX. New Business

X. Adjournment: The regular meeting was adjourned at 6:50 pm

  
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Jamie Hoffmann, Board Chair

  
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Lori Davidson, Executive Director