

Missoula Housing Authority Board

Regular Board Meeting
Wednesday, January 14, 2015

-MINUTES-

Members Present: Fred Simpson, Collin Bangs, Monique Casbeer, Betty Zander, Jamie Hoffmann,

Members Absent: Sheila Lund, David Warren

Staff Present: Adam Ragsdale, Lori Davidson, Jim McGrath, Harlan Wells, Karl Pare, Sam Oliver, Mary Melton

Guests Present: Keithi Worthington

- I. Call to Order: The meeting was called to order at 5:30pm.
- II. Attendance: See Above.
- III. Approval of Minutes: Regular Board Meeting, December 17th, 2014
Casbeer: Sheila is present twice.
Board Agrees.
1st: Bangs
2nd: Zander
None opposed, motion passes as amended
- IV. Commissioner comments/ Conflict of Interest Disclosure
None
- V. Public Comments on items not on the agenda (Limited to 3 minutes a piece).
None
- VI. Action Items
None
- VII. Staff Reports
Wells: I'm going to give the Parkside Village update first. This is the property that we have a right of first refusal on. We spoke with the property manager of 15 years, and she said that the property is in spectacular condition, except for the roof. There is a \$330,000 reserve account that will come with the property and help with some of the immediate

repair costs. The debt is held by Montana Board of Housing, at 4.9%, and pushes out to 2040.

Bangs: How much total debt is it? And how does it cash flow?

Wells: 1.7. It cash flowed very well last year, but it had no vacancies. Right now it has 14 vacancies out of 104 units. The rents are extremely low. It hasn't been painted in 15 years, and the grounds are pretty run down, so there are a lot of opportunities for us to increase the value pretty quickly. It's 42 years old, and all the equipment is simple and reliable.

Bangs: I would be interested in looking at it. Maybe we can set something up the first part of February.

Wells: For City Home funds they are looking at their needs assessment for the next couple years, so we listed River Ridge for gap funding, Parkside, Russell Square for converting the offices to apartments, and new offices. At River Ridge, the project that we're hoping fails so that we can get awarded the tax credits is losing ground, so we're hopefully getting closer there.

Davidson: One thing about using Home funds is that you have to make sure that the project is up to code if you do rehab, so we're going to have to be careful about that with Parkside. On the City Home funds, Harlan is meeting with their staff this week to see which project has the most potential for funding. If we find a project that is a good fit for those funds, then we'll have a resolution to bring to the board next month that will give us permission to make that application.

P7

Hoffmann: So when you say bringing it up to code does that mean Fair Housing, because that could be huge since Parkside pre-dates Fair Housing by 20 years. That could get really spendy.

Wells: Yes, but the nice thing about us owning it completely is that we can do it in phases.

Davidson: And since we are an administrative general partner in Parkside, we can actually own this property with no change in ownership as an LLC. We just have to create an LLC to purchase it, and we become one of the partners that bought the other one out. And if we do decide to go in for Tax Credits on this property, it does away with the 10 year rule that you can't change ownership within the first 10 years.

a) SEMAP score

Davidson: Once again HUD has notified us that we are considered high performing at 94%. Jim and his team do a great job keeping the voucher department organized and as leased up as we possibly can.

McGrath: We started last year at 727 vouchers, and now we're just a couple under the maximum of 774 vouchers. So with normal attrition, we've admitted over 100 new

people since last year.

b) Rural Development Self-Help Program

Davidson: The Stone House houses the offices for both the RD and Ross programs, as well as for the computer center. It has a mold problem which will take \$2500-\$3000 to fix. It also isn't hooked up to city sewer, and has had pretty consistent septic issues that need to be addressed on a regular basis. It's going to cost between \$5000 and \$6000 to replace the septic system and hook it up to city sewer.

Pare: We did some basic mold testing and the upstairs was nothing more than what's in this room, and the basement has 9 or 10 different strains of mold. The mold testers suggested we get an industrial hygienist to help us figure out the best way to mediate the problem.

Davidson: Back to the RD program, I would like to get some guidance from the board on how long we want to wait to see if this program is going to work. We've sent the grant to Washington DC, and it will be several weeks before we know if we've received it. The cost of carrying the family coordinators salary with wages and benefits is \$4000 a month, and we will not recover any of the funds we're spending there, the grant will not be retroactive.

Oliver: Currently we have 2 approved build families, and 4 more in review. We aren't having a tremendous response, so we're picking up the marketing with radio and newspaper ads. The last step will be for Holly to do direct marketing by going to churches, businesses, and other organizations that we strategically chose and feel will be receptive to the program.

Davidson: Ellie and Holly have written a letter to you asking you to keep the Stone House open. There is a possibility we could bring those employees back into the main office. Ellie has reported the Stone House getting 5-7 visitors per week, and the computer center has 1-2 visitors per month. We're trying to do a cost-benefit analysis. We have \$9-10,000 in costs at the Stone House to keep it viable, plus ongoing costs with computers, phones, and internet over there.

McGrath: I think it's really important to keep these two issues of the Stone House and the RD program separate.

Bangs: Going back to the Stone House, I think the fact that it needs repair is normal, it's an older building. And with the RD program, I think the fact that you don't know if you for sure have the grant would greatly affect the ability to recruit new people. No one's going to want to commit to something that may not be happening. I also would still like Holly to call me so that we can meet and create some sort of flyer that I can send out to all the realtors in town.

Davidson: I am looking for board guidance on the fact that the \$10,000 used on the Stone House would be coming out of capital funds. It's not in the budget right now, but we could put it in there by going into a budget revision with HUD.

Oliver: Colin, I have a meeting with Holly and Nancy Jacobson on Friday, so that will be at the top of my agenda. Also one of the main hurdles we're facing is the top down management of the program. Our state leadership has set lending requirements that makes it very prohibitive for people to qualify. For example, if you have student loans, you do not qualify for this program. The Kalispell RD program, which has been going on rather successfully for years are now running into the same problem we are with the restrictive guidelines to get applicants qualified.

Bangs: My suggestion is that we continue until we find out if we have the grant. If we have grant by the next meeting, we should revisit and see where we are with the families.

Pare: I do want to weigh in on the fact that \$10,000 in capital funds could be going to units where we have actual tenants. And if we have office space where we can put staff members, I think we should be saving that money to spend on our residents in our housing units.

Hoffman: Regardless, we have a property with a problem, and if we want to try and sell it we would have to give full disclosure.

Davidson: My recommendation would not be to try and sell it. It's on Public Housing land, and there are other uses, such as file storage. I have asked HUD Denver if we could demolish the house and build a duplex, or some other type of new housing. They would be ACC units because we would spend disposition funds to build them. I just want you to keep in mind that there are different options.

P9

Oliver: I would recommend that you go with the hygienist because they will do exit testing that will relieve MHA of any liability.

Hoffmann: It's a good location, and I definitely don't think we should sell it. I'll look at the zoning to see if building a duplex would be an option.

Davidson: So it sounds like we'll go ahead with mold remediation so that it can continue to be used. And that we'll wait on the RD to see what we hear from Washington DC, hopefully by next meeting, by March for sure.

Pare: I just want to clarify that the mold remediation will be coming out of capital funds. It sounds like we're going to be remediating mold for office space to house staff that we don't have, or that could move back to this office. I think I would rather wait a month, especially since this isn't deadly black mold, and tearing it down may still be an option. I'm hesitant to spend \$10,000 of Capital funds, when that money could go towards new appliances in some of our properties.

Simpson: I want to be clear on the fact that the mold portion is \$3000, not \$10,000. I think that this is too valuable of a property to leave it vacant until we decide if we're going to tear it down, or repair it to the point that it's usable again. We should keep in

mind that the cost of it sitting vacant isn't effectively producing anything for us.

c) Platapus Lot

Davidson: Our realtor has recommended we reduce the price to \$29,900 and see if we get any more response. The other option would be to have MHA purchase the lot from Public Housing and we could build something on it ourselves that could be sold in the private market.

Casbeer: What is it listed at now?

Davidson: We've had it listed at \$35,000, and at \$30,000, and in 3 years we've had two inquires.

Bangs: Is the problem the steepness of the ground?

Davidson: That's part of it. I also think that private investors want more return on their development.

d) Cooperation agreement with the city

Worthington: Emily called me today and wants to talk about this sometime next week.

e) Vantage villa update

Oliver: We're moving forward with getting the building dried in and heated.

Hoffman: At some point I would like to know how much this whole project has hurt us.

Davidson: It's really helped that we've had capital funds to pay for this, but we still don't have the full scope of what the insurance will cover. We have a \$400,000 change order in to the insurance company for things that weren't included in the original insurance settlement. If the insurance doesn't decide to cover that, the additional \$400,000 will come out of Bristlecone fees, and Capital Funds. A large part of this is the copper piping that burst last winter because the building was exposed to the weather while we were waiting on the insurance settlement. This was not considered a direct result of the fire, so we have to make a second claim on it.

f) City Surplus Lots

Oliver: COT is progressing well. I need to meet with Doug Harvey regarding the sidewalks around the building. They're doing a redesign of the street, and there's a chance that the sidewalks may be done for us.

g) Parkside Village

Covered Earlier

VIII. Old Business


- a. Seeley Lake property- Pat O'Herren
No Update
- b. Change in Procurement and Personnel policies
No Update
- c. Board training opportunities
Davidson: Legislative conference in March in Washington DC

IX. New Business

- X. Adjournment: The regular meeting was adjourned at 6:48 pm



Collin Bangs, Board Vice Chair



Adam Ragsdale, Operations Director