

HOUSING AUTHORITY OF THE COUNTY OF BUTTE

BOARD OF COMMISSIONERS MEETING

MINUTES OF March 17, 2011

Chair Lobo called the meeting of the Housing Authority of the County of Butte to order at 2:00 p.m.

1. ROLL CALL

Present for the Commissioners: Patricia Besser, Christine Boyle, Rebecca Graham, Larry Hamman, Clarence "Bino" Lobo, Gene McFarren and Laura Moravec.

Present for the Staff: Ed Mayer, Executive Director; Roy Peters, Deputy Executive Director; Larry Guanzon, Housing Director; Sue Kemp, Finance Officer; and Tamra Young, Executive Assistant.

Others Present: Greg Melton and Brian Firth, Land Image (5.4).

2. AGENDA AMENDMENTS

Executive Director Mayer informed the Board that AHDC, Inc., a private affordable housing developer, approached the HACB on March 15th after the Board Agenda was posted and requested that HACB consider participation in a proposed Chico affordable housing development project. There are several options to participate in the project. The proposed project site is located on East Avenue and Esplanade. AHDC has received a commitment of funding from the City of Chico RDA in the amount of \$8.8 million. AHDC has secured the property from the Styles family and would like local non-profit participation in the project. The proposed partnership agreement is time sensitive and cannot wait for the next regular meeting of the Board.

MOTION

Commissioner Hamman moved that 5.7 East Avenue, Chico Potential Project be added to the agenda because of timing constraints. Commissioner Boyle seconded. The vote in favor was unanimous.

3. CONSENT CALENDAR

Commissioner McFarren moved that the Consent Calendar be accepted as presented. Commissioner Graham seconded. The vote in favor was unanimous.

4. CORRESPONDENCE

- 4.1 Public Housing 43-15 Annual Home Audit – Lorie Adams from RL Hastings & Associates performed the annual City of Oroville HOME program project monitoring audit for on Public Housing project No. 43-15, located in Oroville. The report identified six (6) findings and one (1) concern. All findings and concerns have been satisfactorily addressed.

HACB Board Minutes 03-17-2011

5. REPORTS FROM EXECUTIVE DIRECTOR

Executive Director Mayer requested that 5.4 be moved to the top of the Agenda because of the presentation by Land Image landscape architects.

5.4 Public Housing – Greg Melton and Brian Firth, Principals of Land Image Design, landscape architects, presented their landscape plan alternatives for the HACB’s Public Housing to the Board. The plans implement water conservation measures, including establishment of individual metering of units, installation HACB-controlled irrigation systems, and “soft-scape” improvements which minimize water usage while remaining “attractive and serviceable”. Three (3) alternatives were reviewed, all complying with or exceeding water use standards as established under State Assembly Bill No. 1881. Funding for the landscape improvements may come from Public Housing reserves, the Capital Fund, or be financed through use of an Energy Performance Contract (EPC). Mr. Melton and Mr. Firth presented three (3) options with varying degrees of maintenance, aesthetics, operation, and water conservation. The proposals include HACB maintenance of the front yards and residents being responsible for the back yard. HACB staff will control all of the installed irrigation systems. All three (3) options presented by Land Image created a larger patio area in the back. The Option #3 design was a more “traditional” look while Option #1 included the most water conservation efforts, with Option #2 being the middle route. The Board’s primary concern focused on available play areas for children. Since most of the resident’s children play out front and since HACB wanted to maintain curb appeal, the consensus of the Board was to keep some turf areas in the front yards and common areas, while having no grass in the back. The Board would also like to see the various Options’ design elements mixed and varied throughout the properties. The next step by Land Image will be to prepare revised plans and cost analysis. It is anticipated the project would be phased in order of priority, given available funding, with the first phase splitting meters to individual units. Phase 2 would install HACB-operated landscape irrigation controllers. Phase 3 would address actual landscape construction (hard- and soft-scapes). It is envisioned that a pilot project would carry out a sample plan to its completion.

5.1 HACB Audit – Finance Officer Kemp presented some highlights from the HACB Audit:

- The 2010 Audit was prepared by a new auditor Michael Oxenrider, CPA. The report format is a bit different but contains all required information.
- The Management Discussion and Analysis (MD&A) was prepared by Executive Director Mayer and Finance Officer Kemp. MD&A contains an overview of financial statements and highlights, a comparison of 2010 to 2009 and a discussion regarding future economic outlook.
- Butte County Affordable Housing Development Corporation (BCAHDC) and Banyard Management were included under Component Units.
- Some audit highlights were \$1.6M in Section 8 reserves (which can be used for any affordable housing project), \$2.5M in Public Housing reserves (which may be recaptured by HUD through offsets), \$1M in General Fund excess cash, Assets have increased and Liabilities have decreased.
- In summary, there were no findings and no questioned costs. Mr. Oxenrider will have some management recommendations that be sent under separate cover.

MOTION

Commissioner Hamman moved that the Board accept the FY2010 Audit Report prepared by Michael Oxenrider CPA as presented. Commissioner McFarren seconded. The vote in favor was unanimous.

- 5.2 Accounts Receivable – For the past five (5) years, the annual tenant account receivable has been recorded as an Allowance for Doubtful Accounts and Bad Debt. After four (4) years, any uncollected debt is “written off” the books. Each year the HACB’s performance is graded by HUD through the Public Housing Assessment System (PHAS). This past year HACB lost points on the PHAS Financial Indicator because of the way HUD records the debt owing. In order to remedy this point loss, the HACB needs to write off tenant debts sooner than four (4) years. This will reduce the total accounts receivable to rent ratio, upon which the HACB’s performance is evaluated. This is an Accounting procedure that would not change debt collection procedure or effectiveness. Management recommended changing the Write Off of Tenants Accounts Receivable to two (2) years after move-out.

MOTION

Commissioner Boyle moved that we change the write-off policy from four (4) years to two (2) years. Commissioner McFarren seconded. The vote in favor was unanimous.

- 5.3 Public Housing – There is a great debate in the industry about the use of Public Housing Operating Reserves. HUD published an opinion letter that prohibits the use of Operating Reserves for capital improvements, which was the original HACB plan for use of the Reserves. That plan has been put on hold until further direction and/or clarification is received. Currently, management is looking at operational expense uses for reserves i.e., replace fleet cars, upgrade computer equipment, staffing needs, etc. Commissioner Boyle recommended hiring disaster preparedness consultants to create a plan for the HACB. Management will bring a list of items and cost estimates to next month’s Board meeting.
- 5.5 Farm Labor Housing – The loss of \$2.5M Joe Serna grant funds has forced the HACB to re-evaluate the feasibility of the property rehab project. At issue is the \$6.5 million in funding with which to work, the \$11.5 million required to complete all work, and the issue of operations cash flow sufficient to serve the debt on the \$4 mil USDA loan, once drawn down. Management staff is reworking the operating budget to reduce costs and increase rents to support the rehab work. The first step of the rehab project will be to replace the well.
- 5.6 Operating Environment – Signs of the unstable operating environment created by the recession, through which the HACB must navigate, is seen in 1) the State’s efforts to eliminate Redevelopment Agencies, 2) the possible bankruptcy of the Private Industry Council (PIC), 3) the doubling of the County’s homeless population over the past couple of years, 4) the disappearance of United Way of Butte County, and 5) the raging national debate over government and debt. HACB needs to pursue a direction of conservatism and adaptability, paying attention to that over which it has control, and remaining vigilant and prepared to quickly adapt to changing operational factors.

- 5.7 East Avenue – Executive Director Mayer presented the initial proposal from Affordable Housing Development, Inc. (AHDC). AHDC is seeking an affirmation from the HACB of

its interest to participate in AHDC next Chico-based affordable housing development project. AHDC has proposed the HACB contribute approximately \$600,000 to the effort, and have, one of its non-profit instrumentalities participate in the contemplated Limited Partnership as Managing General Partner. The project is located on the south side of East Avenue, to the east of Orchard Supply and Hardware. It is proposed to include 90 units of affordable housing to family and special needs households, financed by use of 4% Tax Credits and tax-exempt bonds. Mogavero Notestine & Associates has been hired by AHDC as architect. This is the same team that worked together to develop 1200 Park Avenue Apartments. Proposed partnership concepts are: Butte County Affordable Housing Development Corporation (BCAHDC) as Managing General Partner, a “strong” option to purchase by HACB at the end of the 15-year tax-credit compliance period, an approximately \$600,000 investment by HACB in the project, and other considerations. Executive Director Mayer’s recommendation is to hire financial and legal consultants to represent our interests in development of the partnership agreement. Commissioner Hamman expressed a concern regarding the timing. Mr. Mayer recommended that we hold a special Board meeting in two weeks for a presentation by AHDC in order to provide the Board with sufficient information to make a decision on whether or not to proceed. Special meeting tentatively scheduled for Friday, April 1st at 2:00 p.m.

MOTION

Commissioner Hamman acknowledged the Board’s positive response to the concept and moved that a special meeting be held in approximately two weeks for a presentation by AHDC and further consideration as to HACB response. Commissioner McFarren seconded. The vote in favor was unanimous.

6. MEETING OPEN FOR PUBLIC DISCUSSION

None.

7. MATTERS CONTINUED FOR DISCUSSION

None.

8. SPECIAL REPORTS

None.

9. REPORTS FROM COMMISSIONERS

None.

10. MATTERS INITIATED BY COMMISSIONERS

Commissioner McFarren requested a copy of the current Brown Act for each Board member. A copy of the current Brown Act will be provided at next month meeting.

Commissioner Moravec asked if there had been any negative response from Public Housing residents regarding the implementation of late fees. Housing Director Guanzon said none yet; implementation is scheduled for April 1st.

11. EXECUTIVE SESSION

None.

12. COMMISSIONERS' CALENDAR

- **Next meeting – April 21, 2011.**
- PSWRC-NAHRO Annual Spring Conference, San Francisco CA, May 21-24, 2011.

13. ADJOURNMENT

Commissioner Moravec moved that the meeting be adjourned. Commissioner McFarren seconded. The vote in favor was unanimous. The meeting was adjourned at 4:57 p.m.

Dated: March 17, 2011.

Clarence Lobo, Chair

ATTEST:

Edward S. Mayer, Secretary