

HOUSING AUTHORITY OF THE COUNTY OF BUTTE

BOARD OF COMMISSIONERS MEETING

MINUTES OF January 19, 2012

Chair Lobo called the meeting of the Housing Authority of the County of Butte to order at 3:08 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; Sue Kemp, Finance Officer; Larry Guanzon, Housing Director; and Tamra Young, Executive Assistant.

2. AGENDA AMENDMENTS

None.

3. CONSENT CALENDAR

Commissioner Boyle complimented the new vacancy report format. Commissioner Moravec moved that the Consent Calendar be accepted as presented. Commissioner Hamman seconded. The vote in favor was unanimous.

4. CORRESPONDENCE

- 4.1 2011 Section Eight Management Assessment Program (SEMAP) Score from HUD dated December 23, 2011 – Received HUD scoring notification for the Housing Authority’s Section 8 Management Assessment Program for the fiscal year ending September 30, 2011. The Agency’s final score was 100%, and its overall designation was “High Performer”. SEMAP is a self-certified report to HUD. However, the HACB’s program performance it is auditable, supported by documentation maintained in a separate binder.

5. REPORTS FROM EXECUTIVE DIRECTOR

- 5.1 FSS Graduate – The Board recognized the successful completion of the program by FSS Graduate Jeannette Hughes. Ms. Hughes was unable to attend the meeting because of work obligations. She is receiving an FSS escrow check for \$4,172.82. Due to the number of successful graduates, the mandatory size of the HACB Family Self Sufficiency program is now 10; however because of the

importance of this program to participants HACB will continue to maintain a maximum program size of 50.

RESOLUTION NO. 4439

Commissioner Moravec moved that Resolution No. 4439 be adopted by reading of title only: “RECOGNITION OF FSS GRADUATE JEANNETTE HUGHES”. Commissioner McFarren seconded. The vote in favor was unanimous.

- 5.2 Farm Labor Housing Rehab – The \$2.5M Joe Serna grant closed yesterday. Funds will be used to complete architectural, well drilling and infrastructure work. The estimated close of the \$6M USDA loan and grant is the end of February. HACB Procurement Policy requires Board approval of contract awards in excess of \$50,000. The bids for well drilling, casing and test pump (excludes well head) are due on January 27th. The invitation for bids (IFB) has been issued, the job-walk has been held. Management seeks conditional pre-approval to award the well-drilling contract for reasons of timing, in that well drilling is a critical path work task and contract award cannot wait until the next Board Meeting. Bid award would be subject to the bidder being determined qualified and fully responsive to the IFB, and that the responsive low bid fall within 20% of the Independent Cost Estimate (ICE). Well replacement is necessary as the existing two (2) property wells are at or beyond their design lives, do not meet firefighting standards (for water flow), and the aquifers being accessed deposit high concentrations of manganese into the water.

RESOLUTION NO. 4440

Commissioner McFarren moved that Resolution No. 4440 be adopted by reading of title only: “AUTHORIZATION TO ENTER INTO CONTRACT FOR DRILLING OF COMMUNITY WELL AND ASSOCIATED WELL DEVELOPMENT SERVICES AT GRIDLEY FARM LABOR HOUSING, 850 EAST GRIDLEY ROAD”. Commissioner Boyle seconded. The vote in favor was unanimous.

- 5.3 Farm Labor Housing – Management requested approval of the Farm Labor Housing audit prepared for the 2011 operating year. In the past, this audit was part of the HACB audit. However, USDA has more stringent timelines and their own format. The audit presented applies to the one hundred thirty (130) USDA-RD units exclusively and is organized in the USDA-required format. Completion of the FLH audit in this way provides more time to complete the full HACB audit. Highlights of the FLH audit are: Net cash flow for the year was a deficit, but better than budgeted due to lower vacancies; approximately \$500,000 in pre-development rehab costs accessed from Reserves with USDA approval; and replenishment of these Reserve funds from loan and grant funds. The FLH audit will also be integrated into the full HACB audit.

MOTION

Commissioner Hamman moved that the audit for Gridley Farm Labor Housing be adopted as presented. Commissioner Besser seconded. The vote in favor was unanimous.

- 5.4 Section 8 – Management is concerned about the relatively significant amount of unobligated/unbudgeted Administrative Reserves now held in the Section 8 program, now estimated at approximately \$500,000. These funds, accumulated over the past five years of program operation, can only be used for two (2) purposes: administrative costs associated with program operation, and Housing Assistance Payments, in support of program participants. HACB experience has shown these funds need to be expended before inviting HUD “recapture”. Management requests Board approval to use funds for two uses: physical improvements (e.g. Section 8 program file storage, space reorganization, etc.) and for additional HAP payments, to cover contingent operation of the Section 8 program in 2012. The Board has already approved expenditure of \$290,000 of 2011 Set-Aside funds received as a special allocation of Administrative Fees toward 2012 HAP payments. Management recommends authorization of an additional \$300,000 of the \$500,000 available Section 8 Administrative Reserves for 2012 HAP funding. This action will enable HACB to maximize Section 8 utilization on behalf of beneficiary participants, and optimize funding usage, ensuring full federal funding in future years. Commissioner Hamman expressed concern regarding over-leasing. Finance Officer Kemp will provide to the Board the Section 8 projection report used by Management and Section 8 Staff to track voucher units and funding at next meeting as a Discussion Item.

MOTION

Commissioner Hamman moved that \$300,000 in Section 8 Administrative Reserves be authorized for expenditure towards HAP payments for the 2012 operating year. Commissioner Boyle seconded. The vote in favor was unanimous.

- 5.5 Redevelopment Agencies (RDA's) – RDA's were established by the State some thirty years ago. They were created to utilize a slice of local property taxes to upgrade blighted local areas in provision of infrastructure, economic development and affordable housing development. The improvements to the urban fabric then yield higher property tax and business income revenue. In its attempt to resolve its budget issues, the State of California recently passed two bills regarding RDA's: one bill to do away with RDA's, the other to allow their conditional re-establishment. RDA's filed a lawsuit against the bills. The State Supreme Court upheld the first bill and denied the second, effectively ending RDA business as of February 1, 2012. The housing-related duties of the RDA's can be assumed by a “successor” agency, typically the jurisdiction in which the RDA operated. If the jurisdiction chooses to “pass” on designating itself as a successor agency, the RDA's remaining housing business would turn over to the local housing authority, if any. Lacking a housing authority, the RDA business would pass on to the the State Department of Housing and Community Development. In Butte County there are four (4) local RDA's - Chico, Paradise, Gridley and Oroville. Chico has a very large housing loan portfolio which will be absorbed by City. Paradise is not an issue, their RDA “never got off the ground”. The Cities of Gridley and Oroville have also elected to retain their respective RDAs' housing functions. RDA funding will no longer be available to provide equity towards affordable housing projects – it was the single largest source of such equity in the

State available for affordable housing subsidy. However, its absence may help rural and smaller communities compete at the state level for 9% Low Income Housing Tax Credits, as these smaller entities will no longer have to compete against jurisdictions that could “throw” large amounts of (RDA) dollars towards their local project to secure funding under the State’s “tiebreaker” funding system.

5.6 Investment Report and Reserves Analysis – HACB reserves investments no longer make money – investment returns approximate .25% for \$1,000,000 for a year’s time. The HACB will see approximately \$4 million in CD’s mature in the next year. Most HACB investments are in CD’s and accounts that are not local. With FLH rehab, Harvest Park development participation, Meriam Park development, and financial re-structuring of the Chico Commons and Walker Commons Apartment projects, the HACB may have increased need for liquidity in 2012. Finance Officer Kemp and Executive Director Mayer recommended the HACB’s investment policy be shifted, away from use of CD’s, towards increased liquidity, and towards investment in local financial institutions and investments in local affordable housing markets (e.g., HACB mortgage for Chico Commons, BCAHDC loan to Harvest Park, purchase of Mortgage Revenue Bonds associated with local for-profit, non-profit and agency affordable housing activity). It was suggested putting \$250,000 in each local bank. Commissioner Hamman recommended securing an appropriate legal opinion regarding any proposed public funds investment policy for HACB. The consensus of the Board was to agree with this switch in philosophy. Management will update the HACB Investment Policy and present to Board for approval at a future date.

6. MEETING OPEN FOR PUBLIC DISCUSSION

None.

7. MATTERS CONTINUED FOR DISCUSSION

None.

8. SPECIAL REPORTS

None.

9. REPORTS FROM COMMISSIONERS

None.

10. MATTERS INTIATED BY COMMISSIONERS

None.

11. EXECUTIVE SESSION

None.

12. COMMISSIONERS' CALENDAR

- 2012 NorCal/Nevada NAHRO Winter Conference, Napa CA, January 29-30, 2012.
- **Next meeting – February 16, 2012.**

13. ADJOURNMENT

Commissioner McFarren moved that the meeting be adjourned. Commissioner Moravec seconded. The vote in favor was unanimous. The meeting was adjourned at 4:32 p.m.

Dated: January 19, 2012.

Clarence Lobo, Chair

ATTEST:

Edward S. Mayer, Secretary