

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS
OF THE CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY**

February 24, 2014

The Board of Commissioners of the Charlottesville Redevelopment and Housing Authority (hereinafter "CRHA" or the "Housing Authority") met in Regular Session at 7:00 PM on February 24, 2014, in the City Council Chambers at City Hall.

I. CALL TO ORDER

Commissioner Woodard called the meeting of the Board to order at 7:02 p.m. on February 24, 2014.

II. ROLL CALL OF COMMISSIONERS

Present:

Mr. Keith Woodard, Chair
Mayor Satyendra Huja, Commissioner
Ms. Julie Jones, Commissioner
Ms. Sherri Clarke, Resident Commissioner
Ms. Claudette Green, Resident Commissioner

Absent:

Mr. Hosea Mitchell, Treasurer
Ms. Sabrina Allen, Resident Commissioner

Staff Present:

Ms. Constance Dunn, Executive Director
Ms. Robin Munson, Finance Director
Ms. Amy Lail, Executive Assistant
Ms. Allyson Manson-Davies, Legal Attorney
Ms. Heather Jeffries, Asset Manager

III. MOMENT OF SILENCE

Commissioner Woodard called for a moment of silence.

IV. APPROVAL OF MINUTES OF THE ANNUAL MEETING OF THE BOARD OF COMMISSIONERS HELD November 25, 2013

Commissioner Huja moved to approve the Minutes. Commissioner Jones seconded. All Commissioners voted to approve the Minutes with no abstentions.

V. RESPONSE TO QUESTIONS FROM PREVIOUS MEETING

Ms. Dunn stated there had been several references requesting CRHA to adopt additional measures to reduce evictions. CRHA has been notified by HUD, both verbally and in writing, that they are already too lenient with regard to the collection of rent and lease enforcement. Ms. Dunn reported that tenant rent is down by \$7,200 per month which equates to \$86,000 per year and this is substantially affecting the Housing Authority's bottom line. Ms. Dunn explained that when policies are enforced consistently, residents understand their financial responsibilities as stated in the lease. Along with the face-to-face meeting that is held between the Housing Authority and the resident prior to any eviction, this is the best method of eviction prevention. CRHA takes extraordinary steps to prevent evictions and no further policy changes are needed.

She continued that any changes to the policy would only position the Housing Authority to be in further non-compliance with HUD.

Due to decrease in tenant rent collections and lower opening subsidy from HUD, CRHA is diminishing their public housing reserves. The Section 8 reserves have already been depleted. After a year and a half, the excess utility law suit finalized and as part of the settlement, CRHA has agreed to pay \$195,000 over the course of the next 5 years in rental credits toward the residents' accounts. HUD has also made substantial changes to the allowed use of the Capital Funds. A lot of the expenses originally allowable under Capital Fund Policy must now be paid from Operating Funds. These factors will further decrease CRHA's bottom line and reserves. At the current annual rate of loss, CRHA projects to be out of business in as little as three years. At this time, there are many local decisions that must be made prior to redevelopment. First step, CRHA Board, in collaboration with the City, must appoint an effective slate of officers to the Charlottesville Development Corporation (CDC) Board. The CDC was established by the CRHA Board and city council for redevelopment efforts that have been proposed. The CDC Board would review CRHA's master plan to determine if parts of the plan are still feasible.

VI. PUBLIC COMMENTS

Annette Wilcox, 1400 Monticello Rd., Apt 102, made comment on how nice the staff is at CRHA.

Edith Goode, , announced that Crescent Halls resident, Debra Thomas, had passed away and she offered her condolences.

Joy Johnson, 802 Hardy Dr., Apt A, listed many changes she noticed between the existing Annual Plan and the proposed and asked for an explanation.

Brandon Collins, 418 Fairway Ave., works for PHAR, announced that the 2013-2014 intern class graduated couple weeks ago. He voiced praise for all the interns' hard work. He echoed condolences to Debra Thomas' family and thanked the CRHA staff for their assistance around her passing. Mr. Collins stated there are several questions around the Annual Plan and would like them submitted to HUD. Mr. Collins also pointed out there were numerous changes to the original Capital Improvement Plan and would like public input before it being voted upon.

Mr. Collins mentioned the PHAR-proposed draft changes to the Eviction Prevention Policy and would like to hear from the Board and City regarding the limited number of steps that have been taken and a more in-depth explanation to why it's not needed.

Jeffrey Fogel, 215 Spruce St., remarked about the Barment List. He reported that as a result of a FOIA request, he learned there are numerous additional names on the List without sufficient information or contains allegations that do not comply with the law. Mr. Fogel pointed out the list is not-enforceable as it currently sits and encourages the Board to oversee the reconciliation process surrounding the Barment List.

The Board discussed the Barment List and some unexplained discrepancies and Ms. Dunn reported that the List is not currently being enforced. Ms. Dunn described the subcommittee that

has been formed between CRHA and the CPD and that it is being overseen by Legal Counsel. She expressed strong commitment to get the List resolved. Ms. Davies added that all FOIA requests are being provided.

There was Board discussion around Levy Rd. and Crescent Halls in the Annual Plan and that until the CDC Board is established, it is impossible to list specifics. The Consolidated Plan statistics are updated every 10 years with the City's new data. CRHA is actively looking for new landlords for the HCV program through the Blue Ridge apartment Council. Ms. Dunn stated there was an error discovered in the original submission of the Annual Plan surrounding the Transfer Section, and other Sections, and these have been corrected. Summary of Plan changes are included in Commissioners' Board Packets.

Eviction Prevention was discussed through Board comments and reported that prevention practices CRHA has implemented are working as the eviction statistics have gone from 12 last year to six in this past year. There is always room for continuous improvement and the topic will be consistently reviewed.

VII. EXECUTIVE DIRECTOR REPORT ON PLANNED CAPITAL SPENDING AND CHANGES TO THE ANNUAL PLAN

VIII. RESOLUTION #1328, APPROVING THE PROPOSED ANNUAL PLAN

There was discussion about Resolution #1328, Approving the Proposed Annual Plan. CRHA seeks approval this evening for the Annual Plan, submitted to the Board in November 2013. The Annual Plan is very similar to the plan submitted last year and HUD has de-coupled the plan from the Capital Improvement submission.

One significant addition to the plan is that we have added another item to the "Goals and Objectives" section of the plan to read,

"CRHA will honor the Resident's Bill of Rights in all planning and implementation of Redevelopment of the Communities." This statement is being added to build resident confidence in the redevelopment process.

The Housing Authority may choose to submit Capital Improvements with the plan or may wait and submit when signing the Annual Contributions statement typically in March or April.

The meeting requirements for the Capital Budget have not changed and the Housing Authority has already conducted 3 meetings for resident input to discuss potential Capital Improvement projects with PHAR and residents. On January 8th PHAR provided the Housing Authority with a summary of needs and the Housing Authority responded with comments and revisions on January 13th. A copy of both communications is included under Tab 2 in the Commissioner binder. CRHA's goal is to arrive at a well-crafted list of Capital Improvements that takes into consideration resident input that covers as many needs as possible, pre-redevelopment.

The Housing Authority recently learned that vehicles, tools, and equipment are no longer approved uses of Capital Funds unless they are being purchased for modernization.

Since the Annual Plan no longer requires a Capital Budget, the Housing Authority would like to take additional time to reallocate \$131,425 to other budget lines. CRHA's plan is

to conduct a Public Hearing on Wednesday March 6th at Crescent Halls and this meeting will be advertised to residents.

Commissioner Jones moved to approve. Commissioner Huja motioned. Commissioner Woodard seconded. All voted in favor with one Abstention, Commissioner Clarke.

IX. RESOLUTION #1327, APPROVING THE 2014-2015 OPERATING SUBSIDY SUBMISSION

There was discussion about Resolution #1327, Approving the 2014-2015 Operating Subsidy Submission. Each year CRHA files an Operating Subsidy Submission to HUD. The submission is based on financial factors of each individual AMP. A summary of the data items that are submitted to HUD is located on Tab 3 of the Commissioner binder.

Commissioner Woodard moved to approve. Commissioner Huja motioned. Commissioner Jones seconded. All voted in favor with one Abstention, Commissioner Clarke.

X. REPORTS

A. EXECUTIVE DIRECTOR REPORT

Ms. Dunn announced that 127 families were awarded a \$10 rent credit in December to acknowledge their excellent payment record January – December. This policy was adopted in the Admissions and Continuing Occupancy Policy adopted in May 2013. This policy is intended to increase the number of residents who pay on time each month and will be re-evaluated next December.

The Housing Authority continues to offer Community Service work at Westhaven, Crescent Halls and South 1st Street on the second and third Wednesday of each month. Any interested residents should report to their Property Manager's office at 8:30 a.m. on those days.

CRHA took a proactive step and hired a contractor to bring in a bed bug identifying canine to inspect all of the units at Crescent Hall. It was determine that a number of units were infested but these residents did not report the infestation. CRHA then took steps to insure that the units were treated both inside and along the perimeters to prevent further spreading.

Tab 5 in the Commissioner's binder includes a letter from HUD that may constitute approval from HUD to fund the 21 project based vouchers at the Crossings. CRHA began this process in 2010 when it committed funding to Virginia Supportive, developer for the Crossings. After verbal guidance from HUD indicating approval, CRHA later learned that there were several steps skipped in the approval process. As a result, the Housing Authority fell into Regulatory and Statutory violation with HUD. CRHA has requested and is waiting for written approval from the Richmond Field before proceeding with the funding.

Please refer to Tab 6 in your binders. In order to provide better maintenance service to residents, CRHA has implemented two controls. The first is an incomplete work order list which allows management to track incomplete jobs. Completed work orders are closed daily and then the incomplete work order report is forwarded to the Asset Managers. Managers can then follow-up with their maintenance staff to determine the cause for any potential delays in work completion.

The second control is a Customer Satisfaction Survey. CRHA is calling residents regarding the quality of emergency and routine work orders each week to insure that the jobs were completed satisfactorily. Residents typically report that they are very satisfied with the work that was done in their units.

Crescent Halls residents have joined together to create a Community Choir that meets weekly for practice and fellowship. The Choir performed for residents at Thanksgiving and Christmas. Any interested residents should contact Pastor Eddie Banks.

The Housing Authority is partnering with LEAP (Local Energy Alliance Program) to perform Home Energy Check-ups to encourage energy conservation in public housing residences. LEAP will evaluate each home and provide conservation tools and advice for each family on how to reduce utility bills.

The Admissions and Continuing Occupancy Policy or ACOP approved in 2013 incorporates transfer for under or over housed families in a ratio of 1 to 4 new admissions. CRHA has only 15-five bedroom units and 21 one bedroom units in our inventory so unfortunately families may have to wait a very long time for the largest or smallest unit size. There are currently five families that qualify under CRHA's policy as "under-housed" or overcrowded and they will be transferred in order by the date that they first became overcrowded. The current policy is working but if the Board wishes to change this policy it must be done outside of the Annual Plan process. The Housing Authority has kept a reference modifying the ACOP in the Annual Plan to allow us this flexibility.

Many families in the Section 8 program are leasing larger units than they actually qualify for. This means that CRHA ultimately spends more on these vouchers. To address this CRHA reduced our Payment Standard. The new Payment Standard released by HUD in December are actually even lower than 96% of the prior year amounts so CRHA is now leasing at 100% of the 2014 Payment Standard.

B. COMMITTEE REPORTS

1. Finance Committee

The Finance Committee of the Charlottesville Redevelopment and Housing Authority met in Regular Session on February 19, 2014 in the Basement Conference Room at City Hall.

Committee Members Present: Julie Jones, Keith Woodard, Bob Stevens, Rick Jones, Joy Johnson, Hosea Mitchell

Staff Present: Constance Dunn, Executive Director, Robin Munson, Finance Director, Amy Lail, Executive Assistant

Ms. Munson presented the January 31, 2014, Income Statement and Budget to Actual comparison reports for Public Housing, Section 8 and Central Office explaining Year-to-Date variances. January is the tenth month of the fiscal year. At this time the Public Housing program shows a net loss of \$198,572. Income from the Capital Fund Program, which has not been received at this point in time, will mitigate some of the loss once received. The award is still not accessible. Applying 10/12 of the Capital Fund income would bring the loss down to \$121,012. This amount is extremely close to the pro-rated annual budget loss. This is due to expenses being under budget by approximately \$34,000. At this point in time the utilities, as a group, are now a bit over budget. The colder than average weather continues to affect the gas expense.

Actual resident derived income is approximately \$72,802 lower than expected, mostly due to the dwelling rent. The other resident derived income that has been lower than budgeted is for Excess Utilities. During this fiscal year CRHA settled out of court on the Excess Utility lawsuit and as a result increased the utility allowances, generating less excess utility income. Going forward CRHA will be giving \$15 utility credits to each of the 251 households that can be charged for excess utilities, each month. This is \$3,765/month that will be reduced from the excess utility income revenue line. This credit will be given for 36 months (\$45,180/year) and then the credit will be reduced to \$10/month for another 24 months (\$30,120/year) for a total of \$195,780 for the five year

period. Another credit that has been granted by the new ACOP is \$10 to each resident that pays all twelve months rent on time in a calendar year. For 2013 the amount of credit given to residents was \$1,200. The Final Ruling on the Capital Fund Program has disallowed the use of capital funds for security personnel (used at Crescent Halls). This is now considered an operating expense and will have to be charged directly to the AMP. The ruling took effect in late November. The annual amount is approximately \$56,420. The impact to this year's expenses is approximately \$15,000 that was not in the budget. Ms. Dunn stated that CRHA is looking into alternative solutions and will explore the idea of a resident manager to take the place of a security guard. It would not be possible to not have someone overseeing the high volume of activity in the evenings at the building. Ms. Dunn stated that we have at most four years of reserve if all things remained the same and Commissioner Jones pointed out that levels will not remain the same due to the Excess Utility credits and the security guard costs, therefore the reserve will not last that long. Commissioner Mitchell asked about strategies to prevent running out of money. Ms. Dunn spoke of the high IT costs charged by the City. She secured a slight reduction from the City but it is still well above the market costs of the service. The City also increased the attorney fee beginning in July. CRHA had a larger than expected number of turns due to public housing residents receiving HCV vouchers when CRHA issued new vouchers. That should not happen next year. Bed bug expenses are also much higher than budget. Bed bug equipment was planned to be purchased to reduce the costs but that will not be happening because CRHA does not have enough staff to run the machine (it cannot be left unattended for the many hours it needs to be used) and because HUD no longer considers it a capital expense and says it must come out of operating expense. Mr. Jones recommended another exterminator that does chemical treatments. He has heard that they are effective. Commissioner Mitchell asked where the City was in its review of CRHA becoming a department. Ms. Dunn said the decision was pushed back six months. She has had a few meetings with City Manager Maurice Jones but she doesn't have a sense of what the City is planning. Commissioner Mitchell asked Commissioner Woodard if the suggested meeting with Mayor Huja had been scheduled. Commissioner Woodard is waiting to hear back from the Mayor. Commissioner Jones asked if we have done a pro/con list for staying in the City's building. Ms. Dunn would like to propose lower numbers to them. It would be very disruptive for CRHA to have to move and secure outside vendors for IT, rent, telephones and attorney services.

Section 8 Housing Assistance Payments (HAP) showed a net loss of \$687,035. The loss is due to the strict disbursement guidelines imposed by HUD. Staff will continue to monitor the Net Restricted Asset (NRA) balance and expected HUD disbursements. This analysis is being done every month. Staff continues to work with HUD personnel to assure that adequate HUD-held reserves are released whenever necessary. The January 2014 disbursement was much more in line for our needs, and a request for an additional \$40,000 was granted and received. February's amount was the same as the initial January amount. Finance staff planned to do an analysis of actual cash needs and planned to make another request but a large deposit was received last week (\$570,478) which is believed to be for Section 8. Staff is attempting to determine if that is so. The 2014 budget authority has still not been announced. Budget authority is based on the HAP costs from October – December of the prior year so CRHA is hopeful that the 2014 amount will be in line with our current needs. Ms. Dunn pointed out CRHA's average HAP payment is \$646 and to be able to issue all the vouchers we have (533) that average payment would need to be \$300. That would increase the admin funding we receive. HUD has provided some suggestions on how to cut administrative costs as well. Inspections can be done every two years. Staff has been cut by one employee and it will be looked at again further down the road. At this time CRHA needs to be sure it is in compliance with HUD regs, which was not the case at the HUD review last February. The Admin portion of the Section 8 program shows a net loss of (\$8,524). HUD has caught up with admin funding in terms of the increased numbers of vouchers issued in the last several months. The monthly amount was increased by \$2,000 and there was a reconciliation of the July – September 2013 period resulting in more funding. The

Unrestricted Net Asset balance fell below zero again so for January, there was a need to transfer \$1,263.05 cash from the unrestricted funds to bring the account to zero. The total transferred from unrestricted funding thus far this fiscal year is \$59,698. Ms. Dunn mentioned that the payment standard has been reduced to stretch the HAP dollars further. New payment standards were issued for 2014 that matched CRHA's at 100%. CRHA will make a further decrease to the payment standards. There are instances of participants renting apartments with more bedrooms they qualify for, because the rent is under the payment standard. This means that the utility allowance goes up because that is based on the unit size, not the qualified size. The Commissioners were doubtful that apartments can be rented for amounts that would make a \$300 subsidy viable. Ms. Dunn stated that HAP will go down as we recertify following the HUD regs more carefully and record the proper amount of income for each participant. Ms. Munson suggested that CRHA should also seek outside funding for the program. Two local programs (Albemarle County and Howard Evergreen's organization) both receive subsidy funding for their HCV programs from their local government. Ms. Johnson suggested VHDA as a resource for additional funding. Ms. Dunn said she will look into it. Ms. Dunn reported that Jerryl Bennett is no longer the director of the HUD Richmond Field Office. He has been replaced by an interim director, Ms. Catherine Lamberg. At the present time this is to be a 90 day position. She has been with HUD for 30 years. Staff is working with her on key issues before she leaves, including the inclusion of income for the PHAR intern program. This issue is ongoing but the instruction so far is that it should be counted.

The Central Office shows a net loss of (\$28,694). Staff recently learned that the Asset Management fee that is charged to each of the four AMPS to help support the Central Office must be reduced by the amount charge to Crescent Halls. Crescent Halls had a negative excess cash balance from the prior fiscal year which disqualifies it for this fee. The total for the year is \$12,600 that cannot be considered as income to the Central Office this year, nor next year at the present time. On the expense side the retiree portion must be recorded at the actuarial derived figure, rather than the actual figure to make up for the fact that CRHA was not accruing this liability during the years the retirees worked here. The budget showed the actual figure.

The budgeting process is to begin shortly. For the first time CRHA will have Property Managers helping build the budget for maintenance line items. The executive and finance directors will review and tweak their budgets.

Ms. Dunn presented the Turnover Process Update as of January 31, 2014. The report shows 16 total units, up from 15 last month. Sixteen units represent a vacancy rate of 4.27%.

Ms. Dunn presented the rent receivables balance for CRHA's January's Active Resident Accounts Receivable Report which notes each tenant with a balance in excess of \$50 owed to CRHA as of 1/31/2014. These 27 residents owe a combined \$9,420. Twelve additional residents owe less than \$50 each. CRHA considers that amount *de minimus* and is not pursuing legal action against them at this point. CRHA went to court on 1/18/14 for fourteen households. Twelve were dismissed as paid in full, one was continued to 3/18/14, trial was set for one on 3/7/14. An additional trial is set for 2/25/14, rescheduled from 2/4/14 due to inclement weather.

Commissioner Woodard asked if CRHA provided wireless internet for residents. Ms. Dunn said the only site that does is Westhaven. The service is provided by the City of Promise.

Ms. Dunn shared a February 3, 2014 letter from HUD regarding the project based voucher issue. The letter describes why waivers are granted and points out that CRHA's waiver requests did not meet any of the criteria. The last paragraph of the letter says that HUD will not hold CRHA liable for non-compliance with the items that were requested on the denied waivers. Ms. Dunn has heard verbally from HUD that this means the project based vouchers will be approved but will not do anything with respect to paying HAP for the 21 vouchers at The Crossings until written approval has been received from HUD.

Commissioner Mitchell asked if some of the investment money could be put in CDs to earn more interest than the current money market accounts. Staff had looked into it several months ago and presented it to the committee. The committee had decided it was not worth the effort to make the change. Staff will look into interest rates on CDs again and present it to the committee.

Commissioner Jones asked if capital fund can be discussed again. Ms. Dunn said that vehicles and equipment are no longer allowed to be purchased with capital funds, unless they areas to be used for modernization. Ms. Johnson asked what the board will be voting on Monday. Ms. Dunn said the annual plan which is no longer linked to the capital fund.

The budget will be presented at the next finance committee meeting.

2. Resident Services Committee
Susan Bundy

XI. COMMITTEE MEETING DATE CHECK-IN

Resident Services Committee Meeting - meets 2nd Thursday of the month. The next meeting will be Thursday, April 10, 2014, at 1:00 p.m., at the Crescent Halls Center.

Finance Committee Meeting – meets 3rd Wednesday of the month. The next meeting will be Wednesday, April 16, 2014, at 4:30 p.m. in the Basement Conference Room at City Hall.

Regular Board Meeting – meets 4th Monday of the month. The next meeting will be Monday, April 28, 2014, at 7 p.m., at City Council Chambers, City Hall.

XII. OTHER BUSINESS

Ms. Davies referenced the By-Laws in the back of the Board Packets and passed out a proposed attendance provision draft to amend these By-Laws to the Commissioners. This would be to help eliminate the situation where there is no quorum. Ms. Davies continued that Board is not proper party with vested authority to remove fellow Commissioners; needs to be by City Council. However, the Board can amend the By-Laws and Council enforce. In addition to an Attendance Threshold, a resignation provision was suggested by Commissioner Clarke. Ms. Davies said she will incorporate Board comments into a finalized draft and would like to have this formally on the next Regular Meeting Agenda.

CDC Board was discussed and the configuration of the CDC Board. Ms. Davies reported that there have been many requirement changes in order to qualify for non-profit and the current configuration draft does not meet these guidelines. In order for it to possible to redevelop and create more income, Ms. Davies recommended a different proposed CDC Board structure that follows the CHDA laws and she will present the draft at the next Regular Meeting.

Once the CDC Board structure is identified, Commissioner Woodard suggested a joint meeting with City Council and the CRHA Board.

XIII. PUBLIC COMMENTS

Brandon Collins, 418 Fairway Ave., said, once he receives the details, he will discuss the CDC with PHAR and residents. He said the Annual Plan should have included language about RAD before approving the Plan. Mr. Collins stated he would like more City involvement in the Housing Authority. He remarked about his disappointment in the Board and the Housing Authority not implementing changes to the Eviction Prevention Policy.

Jeffrey Fogel, Spruce St., offered to help identify discrepancies on the Barment List for the Board if they would like to contact him.

Joy Johnson, 802 Hardy Dr., Apt. A, said she would like her comments attached to the Annual Plan and would like a copy of response.

Kim Rolla, Attorney for Legal Aid Justice Center, said that she would like the Eviction Prevention Policy in writing. She stated that she did not receive the Annual Plan Question Response before today's meeting. Ms. Rolla reported the formal grievance hearing decision from the February 4, 2014, about the PHAR intern training income be excluded from rent calculations was that they be excluded from this year and have more discussion with HUD and CRHA as to what constitutes a HUD-funding approved program. That meeting is scheduled for March 13, 2014. Time TBA.

XIV. ADJOURNMENT

Commissioner Woodard closed Public Comments.

The Regular Meeting adjourned at approximately 8:32 p.m.