

# HOUSING CONNECT

## MINUTES OF THE REGULAR BOARD MEETING

September 18, 2019

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### PRESENT:

Jennifer Johnston – Chair  
Mark Johnston – Vice Chair  
Phil Bernal – Commissioner  
Erin Litvack – Commissioner  
Spencer Moffat – Commissioner  
Gwen White – Commissioner

### STAFF PRESENT:

Janice Kimball – Chief Executive Officer  
Zach Bale – Chief Programs Officer  
André Bartlomé – Chief Financial Officer  
Mike Kienast – Chief Operations Officer  
Jeremy Runia – Real Estate Development Director  
Dan Pincock – Executive Administrator

### EXCUSED:

Roderic Land – Commissioner

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### COMMENCE

Chair Jennifer Johnston commenced the September 2019 Housing Connect Board Meeting at 11:38 a.m.

#### 1. PUBLIC COMMENT

Chair Jennifer Johnston noted that there were no members of the public in attendance.

#### 2. INTRODUCTION

Chair Jennifer Johnston recognized a new member of the Housing Connect team, Mike Kienast, and invited him to introduce himself to the Board.

#### 3. CONSENT AGENDA

For the Consent Agenda, Chair Jennifer Johnston called attention to last month's Board meeting minutes, and in particular, Resolution #974, where the minutes detailed the specific dollar amounts of the contract, and she expressed that this kind of detail should not be included in the minutes for the public and contractors to see. With that amendment, Commissioner Litvack motioned to approve the Consent Agenda and the minutes, and Commissioner Moffat seconded the motion. The Consent Agenda and the minutes were approved.

#### 4. ACTION ITEMS

##### **Resolution #977: payment standards**

Housing Connect Chief Executive Officer (CEO) Janice Kimball briefly explained to the Board the background of payment standards. HUD sets the fair market rent (FMR) and agencies can then set the Housing Choice Voucher payment standards between 90% and 110% of FMR. Each year, the agency must determine whether it wants to provide more housing money to the people it is housing or serve more people at a lower subsidy. Housing Connect CFO Andre Bartlome told the Board that this year's FMR increased quite a bit and then walked the Board through some data and various payment standard scenarios and what the impact of each option would be. Management's recommendation is as follows: studios – 90% FMR; 1- and 2-bedroom units – 100% FMR; 3-bedrooms units – 93% FMR; and 4-bedrooms and larger – 92.62% FRM (no change from the prior payment standard). There were questions and discussions on the results of setting the payment standard too low or too high, unused vouchers, why get residents' hopes up, households which are left behind, turnover rate, etc.

CFO Bartlome then presented to the Board the agency's recommendation. Commissioner Bernal motioned to approve the recommended payment standards, with Commissioner Litvack seconding the motion. The motion passed, and Resolution #977 (Payment Standards) was approved. Commissioner Litvack felt this should be re-visited and asked for the Board's approval that the payment standard setting

be re-evaluated every quarter or every six months. Chair Jennifer Johnston asked CEO Janice Kimball to have Housing Choice Voucher Director Jodi Parker help the Board understand the factors that are contributing to the failure to lease vouchers.

#### **Resolution #979 – 9% LIHTC application**

Real Estate Development Director Jeremy Runia gave the Board a brief explanation of Resolution #979 (Hunter Hollow 9% Tax Credit Application submission). Hunter Hollow is currently part of Housing Connect's Public Housing with 20 units in West Valley City. Housing Connect would like to submit a 9% tax credit application through the RAD (Rental Assistance Demonstration) program to rehab the property. The application is due the first part of October, and the agency seeks the Board's authorization for Housing Connect staff to do what is necessary to submit the application. He called attention to the wording in Section 2 of the resolution which restricts the agency in what it can do, without the Board's approval, for the obligatory elements of the entity after the tax credits have been awarded. Housing Connect CEO Janice Kimball added that Hunter Hollow is one of the agency's properties which is in need of the most work (rehab).

Director Jeremy Runia also proposed moving the resolution to reflect changing the "entity creation" phrase from Section 2 to Section 1.

Commissioner Litvack motioned to approve the resolution with the proposed amendment, and Vice Chair Mark Johnston seconded. The motion passed, and Resolution #979 was approved.

#### **Resolution #978 – Redistribution of disposition proceeds**

Housing Connect CEO Janice Kimball summarized for the Board Resolution #978. She said the agency would like to change the usage of part of the disbursement (\$8.6 million) for the scattered sites disposition. Under the initial HUD approval, the funds were to be put into Public Housing, but Housing Connect is moving all properties out of Public Housing and wants to use those funds for acquisition and redevelopment of affordable housing, to leverage additional resources to get as many units as the organization possibly can. Commissioner Litvack motioned to approve the resolution, and Commissioner Moffat seconded the motion. The motion passed, and Resolution #978 was approved.

### **5. DISCUSSION**

#### **RAD conversion strategy**

Housing Connect CEO Janice Kimball wanted to update the Board on the Rental Assistance Demonstration (RAD) conversion strategy from the consultants, EJP. She referred Board members to the chart in the Board book (Page 9 of EJP's report).

For Hunter Hollow, she said that the agency has reviewed the construction numbers and believes it is viable, so it is going forward with the 9% LIHTC application.

Housing Connect has set a goal to submit a 4% bond by the end of October for the County High Rise/City Plaza and is working with Salt Lake City Housing Authority. The cost-per-unit needed could be higher than the money generated by bonds, but it is still waiting to find that out. Additionally, the agency has applied for \$3 million in funding from the City RDA, under preservation of affordable housing.

The agency is thinking of doing a straight conversion for Academy Park, Cyprus Park, and Kearns. A straight conversion means no rehab, however money would have to be set aside for capital reserves to take care of the needs of those properties for the next 20 years. Right now, Housing Connect plans to start the conversion in March.

Beyond that, Housing Connect is balancing what tools it has in the community to leverage equity to take care of the properties, the main tool being tax credits. The maximum number of 9% tax credit projects the agency can have open at one time is three. Additionally, the agency can have one Permanent Supportive Housing (PSH) project open or a 4% bond project. When Housing Connect does Hunter Hollow and the High Rise, it will have four 9% tax credit projects and will depend on The Hub and the 426 Apartments (a PSH partnership with First Step House) successfully completing construction and receiving occupancy permits in order to take care of the capital needs of Union, Harmony Park, and Erin Meadows with a 4% bond.

She said that she believes that Sunset Gardens met obsolescence and that the agency can tear it down and get vouchers. For Granger, there are a lot of needs, and the agency will have to consider either extensive rehab, talking to the city about changing the zoning to increase density, or relocating the Grantger units to the Sunset site and selling the property. She also mentioned that the agency still feels like there is a great opportunity to increase density at Valley Fair Village.

Commissioner Bernal felt that it would be appropriate to have updates every 3 to 4 months, and CEO Janice Kimball agreed to provide updates as part of her CEO's report.

#### **Guiding principles**

CEO Janice Kimball discussed the agency's guiding principles behind investing in properties with the new proceeds from the disposition. She said she wants to make sure the agency replaces 127 units at 30% AMI, and not just replacing the vouchers. She also said that from a stability standpoint, Housing Connect will need to look at diversification of its portfolio, in the same way that Covewood has helped to stabilize the organization.

Board members provided their feedback: Vice Chair Mark Johnston emphasized prioritization (2 – 3 priority values); Chair Jennifer Johnston pointed out that some of the items were principles, while others were supporting actions; Commissioner Moffat felt that emphasizing that Housing Connect would like to be in a particular municipality would be a powerful tool and that providing context in decisions made would be helpful; Chair Jennifer Johnston said the agency should have specific reasons and goals (part of a strategic plan) for buying a property; Vice Chair Mark Johnston added that there needs to be articulation, more than just bullet points, on what Housing Connect's values are. CEO Janice Kimball mentioned that bullet points #1, #3, and the one on diversification were her main priorities.

### **Role in the State's affordable housing discussion**

Chair Jennifer Johnston introduced this part of the meeting on the agency's role in the State's affordable housing discussion by saying that she had asked CEO Janice Kimball to put this item on the agenda, as she has noticed that people are paying a lot more attention to affordable housing and that there are a lot of players and local communities involved now. She asked what does the Board want the agency to be doing in that space and what does the Board want Janice Kimball as CEO to be doing (for example, stepping forward more with some of the groups in this discussion). Chair Johnston said that she saw a long list of ideas which lobbyists had gathered from agencies and partners and asked Janice Kimball to identify the top five things that were the most valuable. CEO Kimball had provided a sheet of the five things for the commissioners at the meeting and then talked about some of those points. She noted that she sees increasing affordable housing being split in three areas - federal, state, and local.

Issues talked about during this discussion included Community Reinvestment Areas (CRAs), zoning and the relationship with those communities, affordability and what housing affordability really looks like, State-funded vouchers, changing the narrative in zoning and entitlements, Janice Kimball's role on the State's Housing Affordability Commission, getting representatives out to see affordable housing, commissioners as advocates, effective lobbyists and leveraging the County lobbying resources, consistent messaging (to legislators), aligning legislative priorities, and land use/property rights.

Janice Kimball reviewed what she had been hearing: staying in line with the recommendation of the (State) Housing Affordability Commission; and looking at the LIHTC issue separately. She asked if her approach to the balance between the state, local, and federal strategy made sense. Chair Johnston felt that CEO Kimball has such broad experience and is such a powerful voice that it's important to get in front of the people who are making the decisions (but who don't have that background) and by showing what a resource she (CEO Kimball) can be will benefit them and Housing Connect. Commissioner Litvack said she could go back to various County people to see what they are thinking about prioritizing from a legislative perspective around housing, and then (with alignment of priorities) talk about the use of lobbyists to resonate with this message and invite CEO Kimball to be a partner with their lobbyists to speak to the issue from an expertise standpoint.

### **6. Authorization to enter into a purchase agreement for the 45<sup>th</sup> South property (partnering with Habitat for Humanity)**

It was noted that Commissioner Litvack was recused from this action item. CEO Janice Kimball summarized that the action requested is seeking approval from the Board to enter into a purchase agreement if it is in alignment with the terms of the Letter of Interest (LOI) which has already been submitted (the LOI, if approved, states that a purchase agreement will be in place within 5 business days). Real Estate Development Director Jeremy Runia added that the reason for asking for the Board's approval now is to pre-empt the short timeframe (less than 30 days) of the purchase contract and there might not be sufficient time before the next Board meeting before a deadline may pass. He noted the significant interest (i.e., multiple bids) in this property from other groups and reason why Housing Connect is partnering with Habitat for Humanity, based on a request of the landowner/seller. There is a due diligence time period of 120 days where the agency can back out after signing the purchase agreement. Commissioner Moffat motioned to approve the agency entering into a purchase agreement, and Commissioner White seconded the motion. The motion passed and authorization to enter the purchase agreement was approved.

### **7. CEO's contract**

Chair Jennifer Johnston briefly addressed Janice Kimball's CEO contract, adding that the Housing Connect HR team put together a hybrid of other agencies' CEO contracts which Commissioner Bernal has red-lined and which Chair Johnston will circulate to the rest of the Board for commissioners to review and then it will be finalized at the next meeting. In addition, CFO Andre Bartlome informed the Board that he can send the final draft to legal counsel for their review (to ensure it complies with Utah law).

### **8. Thank you note to Housing Connect Public Housing Director (Lori Pacheco)**

Chair Jennifer Johnston quickly called to the Board's attention the thank you note to Housing Connect Public Housing Director Lori Pacheco from a previous agency client. She pointed out the fact that this particular tenant had been evicted by the agency at one point.

**9. RESIDENT ADVISORY BOARD (RAB) REPORT**

Commissioner White reminded the rest of the Board that the Resident Advisory Board (RAB) meeting on Wednesday, November 13, is the RAB's Annual Dinner and strongly encouraged Board members to attend. The dinner will start at 5:00 p.m., and the meeting will begin at 5:30 p.m. CEO Janice Kimball said that Housing Connect would send out an e-mail message to Board members.

**10. COMMISSIONERS INPUT**

As part of the Commissioners Input, Chair Jennifer Johnston reminded Board members about making a contribution to the agency to show 100% contribution. She suggested this could be done through the new 501(c)(3) – Housing Connect Fund – and referred Board members to Chief Programs Officer Zach Bale for assistance, who will send out an e-mail regarding donations.

Commissioner Bernal informed the Board that June 17 - 19, 2020, there will be a regional (Mountain Plains) NAHRO conference, sponsored by the Utah NAHRO chapter, in Park City. As this would take place during the scheduled June 2020 Board meeting, next year's Board meeting calendar will need to be reviewed.

Dan Pincock will order the new edition of NAHRO's Board Commissioners Handbook for commissioners.

**ADJOURN**

At 1:08 p.m., the meeting was adjourned.

Respectfully submitted,

Dan Pincock  
Executive Administrator