



HOUSING CONNECT

MINUTES OF THE FEBRUARY 2023 REGULAR MEETING OF THE BOARD OF COMMISSIONERS

February 15, 2023

PRESENT:

Spencer Moffat – Chair
Phil Bernal – Vice Chair (virtual)
Kat Johnson – Commissioner
Wendy Leonelli – Commissioner (virtual)
Christine Nguyen – Commissioner

EXCUSED:

Erin Litvack – Commissioner
Gwen White - Commissioner

GUESTS:

Eric Novak – Praxis Consulting, LLC

STAFF PRESENT:

Janice Kimball – Chief Executive Officer
Andre Bartlome – Chief Financial Officer
Mike Kienast – Chief Operating Officer
Kirk Moorhead – Real Estate Development Director
Zach Bale – Chief Program Officer
Marni Timmerman – Moving To Work (MTW) Director
Dan Pincock – Executive Administrator

COMMENCE

On Wednesday, February 15, 2023, the February 2023 Housing Connect Board of Commissioners meeting was held. It started at 11:38 a.m., and Housing Connect Board Chair Spencer Moffat welcomed everyone.

1. GUESTS/PUBLIC COMMENT

There was no one from the general public in attendance. Chair Moffat acknowledged the presence of a guest, Eric Novak (from Praxis Consulting).

2. PRESENTATION

Guest Eric Novak (from Praxis Consulting) provided a portfolio assessment presentation. He gave a brief history of the assessment, pointing out that this is the 4th update to the initial portfolio assessment in 2016. With Section 18 conversion to the Granger Apartments, there are 4 remaining Public Housing properties, and Housing Connect is qualified for different strategies to close out the Public Housing program.

- Policy context - The 4% tax credit became much more valuable with the rate lock at 3.08%, which increased the value by about 30%. 2022 RAD (Rental Assistance Demonstration) rents are significantly higher than in 2013 when it started. HUD has come out with blends (more tenant protection vouchers; less RAD vouchers) to develop properties. HUD created new incentives to get out of Public Housing. There is a strategy to take advantage of the Faircloth budget authority (Faircloth-to-RAD). Housing Connect also has Moving To Work (MTW) flexibility.
- Comparison of RAD Rents vs. Section 8 - Trying to get tenant protection vouchers for Public Housing units rather than RAD vouchers. The RAD program is great, but the rents aren't so great. Projects that were converted to all RAD are now struggling. Increases in rent are not enough to cover increases in insurance costs, utility costs, etc.
- Disposition options - He displayed a chart showing the pros and cons of 4 basic disposition strategies: RAD; Section 18 disposition; 20% RAD/80% Section 18 blend; Section 22 streamlined voluntary conversion
- Recommendations - He reviewed the report's recommendations, noting that all are inter-related, which included the strategy for

the use of the Faircloth authority; the staging conversion of the remaining 4 properties; and carrying out a new obsolescence test for Valley Fair Village (VfV)

He confirmed that there is one strategy for the 3 family sites, while there is another strategy for Valley Fair Village. He also acknowledged slow-walking the closeout and conversion of Public Housing (in order to get the Faircloth operating subsidy implemented).

Chief Executive Officer Janice Kimball said that staff would review the report and get back to the Board with specific recommendations in the near future.

Consultant Novak advised that there are a lot of different strategies for the remaining properties but cautioned that there is a gap for anything with 100% RAD and that Housing Connect should avoid doing 100% RAD going forward.

3. REAL ESTATE DEVELOPMENT UPDATES

Housing Connect Real Estate Development Director Kirk Moorhead provided the following updates:

- **New City Plaza (NCP):** Delivery of the first portion of units will take place this next week. Draws 6 and 7 have funded; Draw 8 is pending. Owner, architect, and contractor meetings continue. The construction is 17.13% complete. The project started with a construction contingency of \$4 million and has gone through it rather quickly (it is now at \$1.735 million). Big ticket items covered either the entire property or the 2 phases of Building A, and it is not anticipated that there will be as much contingency on demand. However, the project has used almost half of its contingency reserves. A big expense is bringing the building up to the fire code. It is anticipated that the project will need additional funding to meet the renovation cost. Staff will actively seek additional funding through Salt Lake County, the State, and bonding. Things are going well with the contractor. CEO Janice Kimball remarked that the new units look great and that the start of construction for Building C will take place in March.
- **East 72 (Sunset Gardens):** Construction is proceeding nicely with 19% of construction being complete. The 2nd draw was funded the previous day (February 14). The project has gone through \$200,000 of construction contingency due to cost increases prior to closing. Construction completion is expected by October 31.
- **Granger Apartments:** Director Moorhead informed the Board that the Section 18 disposition application has been submitted to HUD. CEO Janice Kimball said that the agency will apply for tenant protection vouchers. Other highlights include that the Significant Amendment to the 2022-2023 Annual Public Housing Agency (PHA) Plan was approved by HUD; the architect has assembled its team of engineers and Housing Connect is meeting with them every other week; Wells Fargo has been selected as the equity investor, as well as the bridge lender (with a kickoff meeting scheduled for later in the day); Rocky Mountain Community Development Corporation (RMCRC) has been selected as the (permanent) long-term financing unit.

4. EXECUTIVE SESSION

An executive session was not held, as there were no matters or concerns to discuss, and the Board continued with the next agenda item.

5. CONSENT AGENDA

The Consent Agenda consisted of the Board retreat summary and staff changes. Commissioner Johnson motioned to approve the Consent Agenda, and Commissioner Nguyen seconded the motion. All Board members present (Chair Moffat, Vice Chair Bernal, and Commissioners Johnson and Nguyen) voted to approve the motion, which passed, and the Consent Agenda was approved.

6. ACTION ITEMS

The Board voted on and approved the following items:

- **January 2023 Housing Connect Board Meeting minutes:** There were no questions or comments on the minutes, and Commissioner Nguyen motioned to approve them. Commissioner Johnson seconded the motion, and all Board members present (Chair Moffat, Vice Chair Bernal, and Commissioners Johnson and Nguyen) voted affirmatively, and the January 2023 Housing Connect Board Meeting minutes were approved.
- **Agency values:** The values were based on the discussion at the Board meeting. Staff came back with changes. CEO Janice Kimball thanked Chief Programs Officer (CPO) Zach Bale for his lead in this effort. There were some wording changes, and the inclusion value was added in. CEO Kimball remarked that the agency plans to roll out the values the following week to staff. Commissioner Johnson motioned to approve the agency values, and Commissioner Nguyen seconded the motion with all Board members present (Chair Moffat, Vice Chair Bernal, and Commissioners Johnson and Nguyen) voting in support. The agency values were approved.

7. DISCUSSION: 2023-2024 PUBLIC HOUSING AGENCY (PHA) ANNUAL PLAN AND SIGNIFICANT AMENDMENT; MOVING TO WORK (MTW) WAIVERS

CEO Janice Kimball reminded the Board that it needs to approve the annual PHA Plan needs next month. Moving To Work (MTW) Director Marni Timmerman reviewed the highlights of the Plan as indicated in her memo. Among the highlights, she touched on implementation of a local preference for households on the RAD waiting list; implementation of an occupancy standard change for RAD units; disposition (remodel) of the 24 Granger apartment units; alternative stepped rent policy evaluation; extension of triennial re-examination flexibility to the elderly/disabled households; and agency specific waiver-reasonable accommodation exception payment standard. She noted that the plan has been sent out for feedback and that a formal public hearing will be held on Friday, March 3, at 10:00 a.m. (virtually and in-person at the Housing Connect main office).

8. MONTHLY FINANCIAL REPORT

Chief Financial Officer (CFO) Andre Bartlome informed the Board that there was no financial report as the Accounting department is tied up with the calendar year audit which is currently taking place. He mentioned that in a recent conversation, the auditors have given him contact information for other housing authorities which have gone through the change from a June 30 budget fiscal year end to a December 31 year end. There are some concerns with the software, and, in some cases, HUD has denied the request to switch year ends. An official resolution will be presented to the Board for Housing Connect and its entities for this change. For last year's audit, the auditors are waiting for HUD to approve Housing Connect's unaudited submission before finalizing the audit. He noted that interactions with the new auditors have gone well. For the current calendar year audits, there are 22 entities being audited, and 5 of them are being audited by a different auditor (due to their prior involvement with those auditors). CEO Janice Kimball mentioned that the agency will have a more detailed idea of what it needs to do and where it's at, and what the approval process looks like, as well as formal resolutions, at the next Board meeting (in March).

CFO Bartlome noted that the reserves have increased because of the closing of Sunset Gardens and Hunter Hollow. Commissioner Nguyen asked whether the reserves could be used as a safety net for the NCP contingency funds. She was told that the agency would look to pursue other options for that, if it becomes necessary. CEO Janice Kimball also informed the Board that Housing Connect is looking at various acquisition properties and opportunities.

9. QUARTERLY REPORTS

- **Operations:** Chief Operations Officer (COO) Mike Kienast provided an update on the Operations Department. He informed the Board that the physical occupancy is at 95% across the agency's portfolio. Specifically, Public Housing properties are 94% occupied, RAD properties are at 89%, Project-based voucher properties are at 86% (due to some of the units being remodeled), tax credits are at 97%, owned units are at 94%, and Valley Behavior Health (VBH) is at 96%. He also noted that long-day vacancies have been reduced. CEO Janice Kimball pointed out to the Board that Housing Choice Voucher (Section 8) occupancy is at 91%, which is at the low end of what is acceptable to HUD but that staff are aware of it and are working on it.
- **Supportive Housing:** CPO Zach Bale presented information to the Board on supportive housing. He highlighted different programs and noted that the Bridge program is at full utilization of funds. For HARP (Homeless Assistance Rental Program), the priority was to use federal HOME funding first. All the other programs are full. There is not much change for RESH but that it will be renewed at the same funding and at the same rate. Additionally, Housing Connect has been asked to support Afghan households (up to 70 total). This will be short-term rental assistance of about \$1.5 million.

Supportive Services: CPO Bale then briefly discussed the agency's supportive services. He said that the occupancy at NCP is low (due to the renovation), but it will go from serving 149 households to 299. He said that the services enrollment at Valley Fair Village is new and that more of the residents are starting to work with the staff member there.

10. COMMISSIONERS' INPUT

- Commissioner Nguyen told the Board that the Utah Department of Health's housing-related services and support program has about 30 individuals who are receiving support from providers. She said this was exciting because the Department is beginning to reach people, and it is receiving funding for it.
- Commissioner Johnson recently participated in the NAHRO Commissioners Fundamentals course. She said the training was good and that she had taken for granted some of the things which Housing Connect is doing.
- Vice Chair Bernal mentioned that only 2 people (himself and CEO Janice Kimball) from Utah will be talking to its congressional delegation at the upcoming NAHRO DC legislative conference in March (and wanted to know about what things they should focus on). He also reminded the Board that at the end of April (April 26-27) in St. George there will be a Mountain Plains NAHRO conference (NAHRO CEO and President will attend) and felt that it would be nice for commissioners to attend (Dan Pincock will send out additional information to the Board on the conference).
- **Legislative update:** CEO Janice Kimball said that a lot of money is being proposed to the legislature. Some money is for a permanent

supportive housing subsidy. The legislature is looking at expanding the state tax credits, which would be very helpful. It is also looking at putting \$10 million into Olene Walker. CEO Kimball also testified on behalf of a bill. Permanent supportive housing that is built using tax credits are subject to property tax. The new bill states that these projects should be exempt. The input was well received by the committee, and the bill, which would really help the properties, went out of the committee with only 1 negative vote.

11. OTHER

There were no additional issues that were brought to the Board's attention.

ADJOURN

With no other items on the agenda, Commissioner Nguyen motioned to adjourn the meeting, and Commissioner Johnson seconded the motion, and there was no objection. The meeting was adjourned at 1:05 p.m.

Respectfully submitted,

Dan Pincock
Executive Administrator