



HOUSING CONNECT

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

September 20, 2023

PRESENT:

Spencer Moffat – Chair
Phil Bernal – Vice Chair
Kat Johnson – Commissioner (virtual)
Gwen White – Commissioner

EXCUSED:

Wendy Leonelli – Commissioner
Erin Litvack – Commissioner
Christine Nguyen – Commissioner

GUESTS:

Lily Gray, Gray Impact Consulting

STAFF PRESENT:

Janice Kimball – Chief Executive Officer
Andre Bartlome – Chief Financial Officer
Mike Kienast – Chief Operations Officer
Marni Timmerman – Chief Administrative Officer
Kirk Moorhead – Real Estate Development Director
Jarin Blackham – Information Technology Director
Ilez Brady – Housing Choice Voucher Section 8 Director
Dan Pincock – Executive Administrator

COMMENCE

The Housing Connect September 2023 Board of Commissioners Meeting took place on Wednesday, September 20, 2023, and commenced at 11:43 a.m. Chair Spencer Moffat facilitated and led the meeting.

1. GUESTS/PUBLIC COMMENT

Lily Gray (Gray Impact Consulting) attended the meeting as a guest.

2. REAL ESTATE DEVELOPMENT UPDATE

- New City Plaza (NCP): Chief Executive Officer Janice Kimball remarked that there continue to be challenges and that construction is behind schedule. She noted that a Request for Proposals (RFP) for additional owner's agent oversight was going to be sent out today (September 20). Real Estate Development Director Kirk Moorhead said that Building A construction is proceeding, and it is anticipated that Housing Connect will take ownership of the new units in early October. We are waiting for the fire department to sign off on the fire panel system. The fire alarm contractor stated that the project may have to make further modifications to bring the system up to fire safety code, which would involve going into existing (occupied) units and installing alarm systems/sensors. Then, the Phase B1 renovation (half of the second building) will start. Construction on Building C (the bridge building connecting the two properties) is proceeding.

Overall, NCP construction is at 42% complete. The agency is running through the contingency funds and is applying for gap funding with Salt Lake City within the next 10 days. CEO Kimball mentioned that Housing Connect did receive money from Salt Lake County and that there are conversations with the equity provider, regarding additional bonds.

Director Moorhead commented that, as per the partnership (operating) agreement with the equity investor, an upward adjuster is capped at 5%, but the agency is involved with discussions to expand the cap. The tax credits available to the partnership is based on costs and is not capped, but the amount of additional money which the equity investor is obligated to pay the partnership is capped at 5%.

- East 72: Construction is proceeding and is about 75% complete. The project is looking good right now (exterior finishes are being installed, and interior painting is taking place), and the units are scheduled to be completed by the end of the calendar year. Future residents are ready to move in, with progress being monitored by the operations staff. The owner's representative is doing a really good job, and the finish line is in sight.

- Granger: Housing Connect is waiting to receive approval from the U.S. Housing and Urban Development (HUD) Special Applications Center (SAC) office for its Section 18 disposition application. The building permit has been received, and due diligence is being done with Wells Fargo. The relocation (moving residents from Phase A to Phase B) will be completed next week. The project has received approval for permanent financing from the Rocky Mountain Community Reinvestment Corporation (RMCRC) credit committee.

3. ACTION ITEMS

The Board voted on several items, as indicated below:

- August 2023 Housing Connect Board Meeting minutes: The Board did not have any questions or concerns, and Vice Chair Bernal motioned to approve the minutes. Commissioner White then seconded the motion. All Board members present (Chair Moffat, Vice Chair Bernal, and Commissioners Johnson and White) voted in favor, and the August 2023 Board Meeting minutes were approved.

- Resolution #1092 – Approval to redevelop Frontier: CEO Kimball introduced Lily Gray (Gray Impact Consulting), who has worked with Housing Connect in the past, and then explained to the Board that Housing Connect is trying to move the 14 Frontier units to a new site, and that, with the transfer, the agency will remove the funding and land-use requirements. The resolution asks the Board to approve indemnifying the Utah Housing Corporation (UHC), which is the agency that issues and manages tax credits.

Ms. Gray indicated that she and CEO Kimball have talked about how to get to an actionable path to create high-quality housing opportunities for the Frontier units, and there has been a real breakthrough this year seeing momentum with the City to add units at the Grace Mary Manor property, which would be beneficial to both properties. Before going back to UHC to discuss the path, Housing Connect wanted to make sure that there is City support and appetite (which there is). Officials have real strong interest in seeing the units relocated to the proposed site, and they are incentivized as a package deal to follow an accelerated timeline, which was outlined in Housing Connect's memo.

She then outlined the next steps. Existing financing for Frontier consists of Olene Walker HOME funds, County HOME funds, and the tax credit land-use restriction agreement (LURA). HOME funds can be repaid and the restrictions can be removed. The tax-credit equity and UHC (99-year) restrictions, however, can not be transferred to another site (as they are tied to the land), but the restrictions can be terminated. In order to support moving forward (to terminate the restrictions to Frontier and to restore them on the new development parcel), UHC is requiring Housing Connect to indemnify UHC, if there were any future litigation (the assessment is that odds are very low). UHC would also like to see the original Low-Income Housing Tax Credit (LIHTC) equity which was invested in the project be redeployed into the new development.

As for a timeline, if the Board approves the indemnification agreement with UHC, Housing Connect would then move that process forward with UHC, and then it would kick off the early design work, which would involve a robust resident engagement on the design, as well as staff engagement. The agency would also start the engagement process with the City (estimated as a 1-3 month process) prior to submitting, and, following that, the City is looking at a 2-3 month zoning process for approval. Overall, Housing Connect is looking at a 6-month process, ideally putting it in place for a 2024 LIHTC application and a 2025 construction start.

Chair Moffat inquired about whether Housing Connect has engaged with outside consultants (such as an architect), and CEO Kimball remarked that the agency is waiting until after it receives approval from UHC before this happens (as land-use approval is needed in order to apply for tax credits), but once it does, Housing Connect will go full motion with architect designs, etc. and do all that is needed to be in place in order to apply for the tax credits next Fall.

Vice Chair Bernal motioned to approve Resolution #1092, and Commissioner White seconded the motion. All Board members present (Chair Moffat, Vice Chair Bernal, and Commissioners Johnson and White) voted in favor, and Resolution #1092 (for the approval to redevelop Frontier) was approved.

- Resolution #1090 – Approval of the 2024 Public Housing Agency (PHA) Annual Plan and MTW Supplement: CEO Kimball remarked that this plan has been discussed earlier with the Board and that a public hearing was held earlier in September. Commissioner White commended Chief Administrative Officer Marni Timmerman for the way in which she presented the Plan to the RAB at its meeting last week, noting that it was easy to understand. She added that the RAB provided its unanimous approval of the Plan. She then made a motion to approve the 2024 PHA Plan and MTW Supplement, and Vice Chair Bernal seconded the motion, with all Board members present (Chair Moffat, Vice Chair Bernal, and Commissioners Johnson and White) supporting the motion. Resolution #1090, for the approval of the

2024 Public Housing Agency (PHA) Annual Plan and MTW Supplement, was approved.

- Resolution #1091 – Approval of the new Payment Standards: CEO Janice Kimball announced that HUD has released the new Fair Market Standards (FMR) and said that Housing Connect is recommending that the Payment Standards be set at 110% of FMR (which is the maximum allowed by HUD). Chief Financial Officer (CFO) Andre Bartlome then provided the details. He presented a table showing the number of current households with Housing Choice Voucher (Section 8) vouchers (2,848 households). The table also included figures for the current Payment Standards (by bedroom size), the Old Fair Market Rent, and the New Fair Market Rent, along with various Payment Standard scenarios and the one which Housing Connect is proposing.

Roughly 4.5% of voucher holders would be over the Payment Standards (meaning that they would pay more than 30% of their income in rent), and Housing Connect would not be able to serve 298 households. The agency anticipates receiving approximately \$33 million in funding.

Housing Choice Voucher (HCV) Section 8 Director Ilez Brady commented that the HCV staff support the proposal.

CFO Bartlome presented a rent plot chart, showing each household that is on a Section 8 voucher by bedroom size, what their rents are, and how many additional households will benefit by the Payment Standard increase. CEO Kimball pointed out that the graph does not reflect additional fees which landlords charge to move into units.

Vice Chair Bernal made a motion to approve Resolution #1091, and Commissioner White seconded the motion. All Board members present (Chair Moffat, Vice Chair Bernal, and Commissioners Johnson and White) voted in favor, and Resolution #1091 (for the approval of the new Payment Standards) was approved. The new Payment Standards are effective as of October 1, 2023.

4. CLOSED MEETING

At 12:27 p.m., Vice Chair Bernal motioned for the Board to enter Closed Meeting to discuss real estate issues and legal concerns. Commissioner White seconded the motion, and all Board members present (Chair Moffat, Vice Chair Bernal, and Commissioners Johnson and White) voted in support, and the Board entered Closed Meeting.

At 12:39 p.m., Commissioner White made a motion for the Board to return to regular (open) session, with Vice Chair Bernal seconding the motion. All Board members present (Chair Moffat, Vice Chair Bernal, and Commissioners Johnson and White) voted favorably, and the Board returned to regular session.

5. CONSENT AGENDA

CEO Kimball informed the Board that the Consent Agenda included two items:

- the Section Eight Management Assessment Program (SEMAP) update: Housing Connect still falls under the “High Performer” category. However, under the MTW status, Housing Connect is not required to do this exercise, though it will continue doing so for internal purposes.
- Staff update: The staff update showed the new hires, changes in position, and outstanding positions since the last Board meeting.

Commissioner Johnson motioned to approve the Consent Agenda, while Commissioner White seconded the motion. All Board members present (Chair Moffat, Vice Chair Bernal, and Commissioners Johnson and White) supported the motion, and the Consent Agenda was approved.

6. CEO’S REPORT

CEO Kimball commented on the following items:

- Admin building/property: Housing Connect continues to look for property for a new admin building.
- New software system: The agency is in the process of looking at a new software system. Housing Connect has been with the current software system for over 20 years. Housing Connect received 3 responses and has narrowed the bids down and is leaning towards one particular vendor, but since it would be a new vendor, the agency is looking carefully at it.
- Community outreach: CEO Kimball has participated on the State’s Commission on Housing Affordability. One of the outcomes is that quarterly meetings with Utah housing authority leaders are being held, and CEO Kimball is leading that effort.

- Possible (federal) government shutdown: There is a substantial possibility that the federal government will shutdown after September 30. Housing Connect is considered to be an essential service, so it will continue to receive funding, but there won't be much support at HUD (such as for the SAC approval for Granger; per Director Moorhead, progress is being made on this).

- Strategic planning for Resident Services: Housing Connect is looking at how it wants to provide services to residents in the future. It has been a while since this has been reviewed. Housing Connect will look at partnerships and how to fund the services and will come back to the Board with recommendations. The Housing Connect Board, the Housing Connect Fund (HCF) Board, and staff will be involved.

7. FINANCIAL REPORT

CFO Bartlome provided the Financial Report to the Board for the time period of July 2022 through July 2023 (13 months). Areas that have done well include the Development Fund (\$857,000), owned units, and Public Housing (\$951,000 over budget). Areas with negative results include Central Office, Central Maintenance, the HCV program (only because it has spent down its reserve, although this was planned). The biggest concern was the Bud Bailey Apartments which spent \$340,000 on HVAC problems (this continues to be an issue).

Unrestricted reserves decreased, although this is a timing issue for two different areas. For East 72, Housing Connect had to use its own funds (this is a timing issue, and Housing Connect will be reimbursed when funding comes in), and for Continuum of Care grants, the contracts were slow to be signed and the agency wasn't getting the funding that it should have been receiving every month. This, however, will be re-couped.

8. COMMISSIONERS INPUT

Chair Moffat congratulated Commissioner White on becoming the RAB Chair. Commissioners provided the following input:

- Commissioner White: The RAB approved the 2024 Housing Connect Annual Plan and Moving To Work (MTW) Supplement at its meeting last week. The new RAB officers are: Gwen White, as Chair; Kathy Larson, as Co-chair; and Jamie Ramos, as Treasurer. Braidee Kolendrianos will continue to be the Housing Connect contact, while CEO Janice Kimball and CAO Marni Timmerman will be the agency liaisons. On October 11, the RAB will participate in a recruitment effort to sign up other residents to join the RAB. The RAB will hold its annual meeting with the Housing Connect Board on November 8, and invitations will be sent out.

- Vice Chair Bernal: There will be a national NAHRO conference the first week of October (in New Orleans). For the first time, the Mountain Plains (MP) NAHRO will put together a social gathering for commissioners to meet and get to know each other.

- Chair Moffat: The construction market seems to be slowing down with the interest rates going up, but prices haven't receded yet. The industry is seeing more projects being held up, and he anticipates that there should be some bandwidth with contractors in the next 6-12 months.

ADJOURN

At 1:00 p.m., the Board meeting was adjourned without objection.

Respectfully submitted,

Dan Pincock
Executive Administrator