



HOUSING CONNECT

MINUTES OF THE FEBRUARY 2024 REGULAR MEETING OF THE BOARD OF COMMISSIONERS

February 21, 2024

PRESENT:

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

PUBLIC/GUESTS:

Isabel Quilatan (public)
Karl Westbrook (public)

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
Jarín Blackham – Information Technology Director
Ilez Brady – Housing Choice Voucher/Section 8 Director
Lori Pacheco – Public Housing Director
Dan Pincock – Executive Administrator

COMMENCE

The Housing Connect February 2024 Board of Commissioners Meeting was held on Wednesday, February 21, 2024, and commenced at 11:42 a.m. Chair Spencer Moffat facilitated and led the meeting.

1. GUESTS/PUBLIC COMMENT

Two members of the public attended the meeting:

- Isabel Quilatan
- Karl Westbrook

Neither of the visitors had any comments to provide to the Board.

2. CONSENT AGENDA

The staff changes update (since the last Board meeting), staff training and development summary (for the last 6 months of 2023); and the staff turnover update were the items on the Consent Agenda. It was acknowledged that there has been some turnover but that Housing Connect has also been able to promote from within. Chief Executive Officer (CEO) Janice Kimball remarked that it is important for Housing Connect to invest in its employees and that the employees have opportunities to gain skills that they need for their current jobs and for their future jobs. Commissioner Leonelli motioned for the Board to approve the Consent Agenda, and Commissioner Nguyen seconded the motion with all Board members present (Chair Moffat, Vice Chair Bernal, and Commissioners Johnson, Leonelli, Nguyen, and White) voting affirmatively. The motion passed, and the Consent Agenda was approved.

3. REAL ESTATE DEVELOPMENT UPDATE

Real Estate Development Director Kirk Moorhead gave updates to the Board on the following properties:

- New City Plaza (NCP): Housing Connect received the approval from the fire marshal for Building B residents to occupy the second half of Building A. The construction on Building C is continuing. Housing Connect received a commitment of supplemental bonds for the State of Utah. There are additional funding applications pending with Salt Lake City. The agency is disputing with the general contractor over time extensions and general requirements. Construction is 52.5% complete, and the construction contingency has been depleted quite a bit.

- East 72: The Certificate of Occupancy was received about a month ago, and the units started to be occupied as of February 1, and it is expected that the lease-ups will be complete by the end of March (and ahead of schedule). There are some disputes with the general contractor. CEO Kimball remarked that the agency has received a formal request for mediation. While construction is 100% complete, there may be some additional issues to resolve, and Housing Connect has some construction contingency leftover. CEO Kimball added that Housing Connect hosted an event at East 72 and received 50 Family Unification Program (FUP) vouchers from HUD. Vice Chair Bernal represented the agency in accepting the check for \$628,548 from HUD at a ceremony held at the property.

- Granger: The financing closed in December 2023. Construction is proceeding and is at 13.52% complete. Approximately 20% of the construction contingency has been used to date. The agency anticipates taking possession of half of the units by May and the other half at the end of the year.

- 44 North: The project received a \$2 million commitment from the Olene Walker Housing Loan Fund (OWHLF) (State of Utah gap financing program). A Request for Proposals for design was published. A recommendation for the selection of the architect and engineer has been made. Although Housing Connect is working hard to keep the property secure, there have been some building security issues. CEO Kimball reminded the Board that the agency is partnering with First Step House on this project.

4. ACTION ITEMS

The following items were discussed and voted on by the Board:

- Housing Connect Board of Commissioners Meeting minutes for December 20, 2023: Commissioner Nguyen motioned to accept the minutes, and Commissioner White seconded the motion. All Board members present (Chair Moffat, Vice Chair Bernal, and Commissioners Johnson, Leonelli, Nguyen, and White) voted in support of the motion, and the Board Meeting minutes for December 20, 2023, were approved.

- Resolution #1097 (Public Housing and Section 8 write-offs for July 1, 2023 to December 31, 2023): Public Housing Director Lori Pacheco explained the background on the incident which resulted in the \$22,000 write-off. She said, outside of this incident, that Public Housing is trending. Housing Choice Voucher/Section 8 Director Ilez Brady mentioned that 3 clients had a balance owed which were written off, and that the program is trending in terms of write-offs.

Vice Chair Bernal motioned to approve the write-offs as indicated, and Commissioner Leonelli provided a second to the motion. All Board members present (Chair Moffat, Vice Chair Bernal, and Commissioners Johnson, Leonelli, Nguyen, and White) voted in support of the motion, which passed, and Resolution #1097 (Public Housing and Section 8 write-offs for July 1, 2023 to December 31, 2023) was approved.

- Resolution #1098 (changes to the Public Housing Admissions and Continued Occupancy Policy – ACOP): For Chapter 6, the Earned Income Disallowance program no longer exists as of January 1, 2024. In addition, Housing Connect has decided not to use the Individual Saving Account option. There was also an update to the income verification hierarchy, and Housing Connect will use the upfront income verification first, followed by third-party, and then self-certification.

For Chapter 8, the changes included that the minimum heat standard requirement has been removed. Also for the REAC inspections (known as Uniform Physical Condition Standards), HUD has changed the name to NSPIRE (National Standards for the Physical Inspection of Real Estate), and with that, the scoring protocol also changed with more of an emphasis on higher scoring inside of the units rather than the exterior and grounds.

Commissioner Nguyen motioned to approve the resolution, while Commissioner Litvack seconded the motion, which passed with all Board members present (Chair Moffat, Vice Chair Bernal and Commissioners Johnson, Leonelli, Litvack, Nguyen, and White) voting affirmatively. Resolution #1098 ((changes to the Public Housing Admissions and Continued Occupancy Policy – ACOP) was approved.

Public member Karl Westbrook indicated he would like to talk to someone about that, and CEO Kimball suggested that he speak with either Director Pacheco or Chief Operating Officer (COO) Mike Kienast.

Both Director Pacheco and CEO Kimball indicated that there are more changes to come, as Housing Connect updates its plans to comply with HOTMA (Housing Opportunity and Modernization Act of 2016) and major legislation changes that are just now being put into administrative rules.

- Resolution #1099 (Citizens West 2 Project proceeds allocation): CEO Kimball reminded the Board that Housing Connect has partnered for the last couple of years with the Giv Group on a project called Citizens West 2. The resolution is asking Housing Connect to self-restrict the proceeds for some supportive resident services. The resolution was then modified in the meeting to indicate that the proceeds could be used for resident services in general and not only within the project. The funds will be identified in the monthly finance report as restricted reserves.

Commissioner Litvack motioned to approve the resolution along with the modifications which were made in the meeting, and Commissioner White seconded the motion with all Board members present (Chair Moffat, Vice Chair Bernal, and Commissioners Johnson, Leonelli, Litvack, Nguyen, and White) voting in favor of the motion. Resolution #1099 (Citizens West 2 Project proceeds allocation) was approved.

- Resolution #1100 (44 North Project Architecture and Engineering Services selection and contract): Real Estate Development Director Moorhead reminded the Board that for the Housing Connect procurement policy requires Board approval for contracts over \$250,000. Housing Connect sent out a Request for Proposals (RFP) for the 44 North Project Architecture and Engineering Services and received 5 proposals back, which were then scored. The agency then selected the top two firms for interviews (and requested actual proposals as far as costs were concerned). Method Studios and AJC Architects were the two firms interviewed, and Housing Connect is recommending that Method Studios be awarded the contract. The amount of Method Studios' contract is \$611,000, however the resolution wording allows up to \$700,000, given that prices could change. It was noted that the cost per unit seemed slightly high, but Director Moorhead replied that it is in line with other, similar projects.

Commissioner Johnson motioned for the Board to accept the resolution, and Commissioner Nguyen seconded the motion. All Board members present (Chair Moffat, Vice Chair Bernal, and Commissioners Johnson, Leonelli, Litvack, Nguyen, and White) voted in support of the motion, which passed, and Resolution #1100 ((44 North Project Architecture and Engineering Services selection and contract) was approved.

5. CLOSED MEETING

At 12:20 p.m., Commissioner Litvack motioned for the Board to enter Closed Meeting to discuss real estate, litigation, and personnel issues. Commissioner White seconded the motion, and all Board members present (Chair Moffat, Vice Chair Bernal and Commissioners Johnson, Leonelli, Litvack, Nguyen, and White) voted in support, and the Board entered Closed Meeting.

At 1:09 p.m., Vice Chair Bernal made a motion for the Board to return to regular (open) session, with Commissioner Nguyen seconding the motion. All Board members present (Chair Moffat, Vice Chair Bernal and Commissioners Johnson, Leonelli, Litvack, Nguyen, and White) voted favorably, and the Board returned to regular session.

At this time, Chair Moffat excused himself from the remainder of the meeting, and asked Vice Chair Bernal to lead the rest of the meeting. It was agreed that the final item on the Action Item list (CEO compensation) would be taken up at the March 2023 Board meeting.

6. REVIEW: SECTION 8 2024 BUDGET PROJECTIONS

CFO Bartlome explained that the per-unit costs for Section 8 have gone up (from \$894 to \$1,047 – from January 2023 to February 2024), and, with certain assumptions, Housing Connect is projecting to be in shortfall. He presented data to the Board. CEO Kimball remarked that this is something which Housing Connect has been watching closely over the last 5-6 months and has notified HUD officials over the past week. Housing Connect has preemptively already done things which HUD would have asked Housing Connect to do (discontinued leasing, asked other housing authorities to absorb port-in clients, looking at anyone who is at no income or who is on a payback and not in compliance, etc.). HUD has confirmed that shortfalls are being seen by other housing authorities throughout the country. The agency is waiting for a budget to be passed by Congress which will determine the funding available and whether there is shortfall funding available. CFO Bartlome indicated that presently the agency would run out of Section 8 money around November or December without additional shortfall funding..

7. QUARTERLY REPORTS

- Supportive Housing and Services: Chief Program Officer Zach Bale commented that Supportive Housing is trending well and that most of Housing Connect's program are at capacity or slightly above. He said that referrals to the RESH program have almost doubled and that about 100 clients have been added to the refugee programs. Overall, programs are doing well. On the services side, Housing Connect is generally on target to serve the numbers of clients which it projected to serve. He added that the previous day (February 20) an audit for refugee services took place, which turned out well, and Housing Connect received good compliments from the State.

COO Mike Kienast presented the Operations quarterly report. He said that there are 4 metrics which are used for a weekly report: 1) occupancy; 2) long-day vacant; 3) bad debt; 4) operating expenses. He then reviewed the different metrics for the multi-housing portfolio

(1,858 units) and the Public Housing portfolio (215 units). He said that Public Housing is doing well and is very strong right now and that the program is 965% occupied, as were the RAD properties. Project-based voucher properties (93% occupancy), tax credit properties (95% occupancy), owned communities (93% occupied), Choice Property Solutions (93%), and properties at renovation or at lease-up were also briefly touched on, as were the long-day vacant averages for each of the types of units. Overall, Operations had a good 4th quarter, and the projects are improving. CEO Kimball pointed out that the bonuses to property managers and maintenance staff are helping drive the improvements.

8. MONTHLY FINANCIAL REPORT

CFO Bartlome informed the Board that, as of December 31, Housing Connect was at the end of the 18-month budget year. He said that overall, there were large swings in December and year-end, one of which was pension liability, which made the financials in Central Office (\$700,000) and Section 8 (\$200,000), among other areas, look better. Cash flow was much better than projected (\$4.2 million actual; \$400,000 projected). Reserves have increased and are healthy. A full report for the 18-month budget year will not take place until the audit (which will be in June).

9. COMMISSIONERS INPUT

- Commissioner White: She informed the Board that the Resident Advisory Board (RAB) meeting was not held in February but that a meeting will be held in March.

- Vice Chair Bernal: He discussed upcoming NAHRO conferences. Both the Washington (legislators) DC conference and the UT-NAHRO conference will take place in April; with the Mountain Plains (regional) conference in May. Both the UT-NAHRO and the Mountain Plains conferences are more geared towards staff, but the Washington conference is where commissioners can really make a difference and are promoting their communities to their elected representatives. He said that the DC conference makes a difference.

10. OTHER

There were no other items to discuss.

ADJOURN

At 1:36 p.m., Commissioner Leonelli motioned for the meeting to be adjourned, and Commissioner Johnson seconded the motion. All Board members present (Vice Chair Bernal and Commissioners Johnson, Leonelli, Litvack, Nguyen, and White) voted in favor of the motion, and the Board meeting was adjourned.

Respectfully submitted,

Dan Pincock
Executive Administrator