



HOUSING CONNECT

**MINUTES OF THE FEBRUARY 19, 2025
REGULAR MEETING
OF THE BOARD OF COMMISSIONERS
AT BUD BAILEY APARTMENTS, BLDG C CLASSROOM
3970 S MAIN STREET, SOUTH SALT LAKE UT 84107**

February 19, 2025

PRESENT:

Phil Bernal – Chair
Christine Nguyen – Vice Chair
Kat Johnson – Commissioner
Wendy Leonelli – Commissioner (virtual)
Erin Litvack – Commissioner (virtual)
Jamie Ramos – Commissioner (virtual)

EXCUSED:

Mike Akerlow – Commissioner

GUESTS:

Kristi Kearl – HOI Trustee

STAFF PRESENT:

Janice Kimball – Chief Executive Officer
Fernando Aniban – Chief Financial Officer
Marni Timmerman – Chief Operating Officer
Mike Kienast – Chief Asset Officer
Jarin Blackham – Information Technology Director
Kirk Moorhead – Real Estate Development Director
Krysta Niemczyk – Director of Policy and Strategic Initiatives
Tom Biesinger – Comptroller
Lori Berry – Executive Administrator

WELCOME

The February 2025 Housing Connect Board of Commissioners Meeting was held on Wednesday, February 19, 2025, and commenced at 12:02 p.m. Chair Phil Bernal facilitated the meeting.

- Chair Bernal welcomed everyone.

GUESTS/PUBLIC COMMENT

- None

ACTION ITEMS

- Adoption of January 2025 Housing Connect Board of Commissioners Meeting Minutes 01.15.25:
 - Chair Bernal asked if everyone had a chance to review the Board Minutes of January 15. There were no changes or comments. Vice Chair Nguyen moved to approve the minutes and Commissioner Litvack seconded the motion. All Board members present (Chair Bernal, Vice Chair Nguyen, Commissioners Johnson, Leonelli, Litvack, and Ramos) voted In Favor of accepting the minutes of the January 2025 Housing Connect Board Meeting; none opposed. The January 2025 minutes are accepted.
- Resolution #1119: Write Off Collection Losses for Public Housing and Section 8
 - CEO Kimball stated COO Timmerman will present the Section 8 Write Offs and CAO Kienast will present the Public Housing Write Offs. CEO Kimball asked the Board if they had any questions.
 - Chair Bernal asked, on the Write Offs, there is someone listed with \$4,400 in Write Offs – did they just not pay for a period of? CEO Kimball replied, this is a person who was in our property for a long time, and we've had an ongoing challenge with this person, as they were not paying rent and we were not accepting rent because we were going through the eviction process.

- CEO Kimball went on: we have just over \$12,000 for Public Housing and \$10,000 for Section 8 Write Offs, with both consistently trending around that much. COO Timmerman mentioned one thing to notice about this, while we're writing off the amounts, these amounts do stay connected to the clients. While they are no longer on our programs, this could jeopardize the client coming back onto another subsidized program, either here or across the country. We still do try and recoup the money, both for Housing Connect to recoup the money, and for the client, to give folks a chance to get housed in the future if they ever need to.
 - Commissioner Ramos asked once we write it off, and the clients continue to pay, where does that money go (what fund or account) to? COO Timmerman replied, it goes back to the account where they owe money, e.g. Housing Choice Voucher dollars would go back into Housing Choice Vouchers. It follows the program. Chair Bernal wondered if it affected the client's credit rating. CFO Aniban replied, not unless we report it. CEO Kimball added we do have an agreement for our properties, where we can have someone try to collect, but usually when the collections come in is when the individual has an opportunity to get back on housing and they make arrangements to pay off the money.
 - Commissioner Johnson motioned to approve the Resolution Write Off Collection Losses for Public Housing and Section 8; Vice Chair Nguyen seconded the motion. All Board members present (Chair Bernal, Vice Chair Nguyen, Commissioners Johnson, Leonelli, Litvack, and Ramos) voted In Favor of Write Off Collection Losses for Public Housing and Section 8; none opposed. Resolution #1119 is accepted and passed.
- Resolution #1120: West Valley City Housing Authority Voucher Transfer
 - CEO Kimball presented the Resolution: we're asking the Board to approve a resolution to have me (CEO Kimball) take all the necessary actions to transfer West Valley City's (WVC) 537 vouchers to Housing Connect. I met with the new WVC City Manager, Ifo Pili, and it was actually his suggestion. We've met with HUD and outlined the process. Our goal would be for the transfer to take effect July 1, 2025. This motion focuses on the vouchers; in addition, there's a couple of properties and some money from the sale of public housing, but for this purpose, we're focusing on the vouchers as they (West Valley City Housing Authority) are a voucher-only agency. And that is the easiest path forward with HUD. They (WVC) also have 100 special needs vouchers we will need to account for separately. But we don't see that as a issue; we have the same set aside for non-elderly disabled. We will come back with an additional resolution about accepting the properties. I should also mention we've agreed to accept three (3) of their staff; they will move over to the Housing Connect main office and work out of Section 8. You have the chart on the bottom so everyone can see where they are with voucher numbers compared to us and where they are with administrative funding. We have an interlocal agreement with West Valley City, which allows their clients to live anywhere in the valley and our clients to live in West Valley City, as well as anywhere in the valley.
 - Vice Chair Nguyen asked would the staff move over July 1st? CEO Kimball replied everything will take place on July 1st. As far as HUD goes, it's a straightforward process. West Valley will meet at the end of the month. They've had a study session on this and their council was supportive. Once they have adopted their resolution at the end of the month, and we have both board actions, we'll each send a letter to HUD, outlining this is what we want to do and everything fits nicely. Commissioner Ramos asked if these are Project Based Vouchers (PBVs) or are they Housing Choice Vouchers? CEO Kimball said they are Tenant Based Vouchers.
 - Commissioner Litvack asked do we do this with any other municipality, or have we in the past? And why did they (WVC) go in this direction? CEO Kimball responded, this is the first time we've done this. And this has been a focus of HUD for a couple of years now. It's taken place across the country – some by choice, some by HUD directive. They have 3,300 housing authorities nationwide, and HUD is trying to condense those and consolidate some of the administrative overhead. The reason the WVC City Manager Ifo Pili gave is that he feels it was duplicative to have two authorities in the same geographic area. If we do this, we could still serve the West Valley City constituents without having two agencies and he felt that it would better serve the community.
 - Commissioner Johnson motioned to approve the Resolution #1120 West Valley City Housing Authority

Voucher Transfer; Vice Chair Nguyen seconded the motion. All Board members present (Chair Bernal, Vice Chair Nguyen, Commissioners Johnson, Leonelli, Litvack, and Ramos) voted In Favor of Resolution #1120; none opposed. Resolution #1120 is accepted and passed.

- Resolution #1121: Housing Connect 44 North Omnibus Closing Resolution
 - CEO Kimball began presenting Resolution #1121. We did a similar 44 North Resolution for the HOI Board meeting; we do it again under Housing Connect as we are the lead agency. Real Estate Development Director Moorhead continued to present the Resolution. Section One (1) addresses the sale and purchase of the property. Once again, Housing Connect purchased the land and Housing Connect turns around and sells it to the owner of the 44 North Property, which is 44 North Apartments, LLLP, a partnership comprised of Housing Opportunities, Inc., First Step House, and the Richmond Group, or a controlled affiliate of the Richmond Group. Sections Two (2) and Three (3) are miscellaneous or general provisions. Again, very similar to the HOI Resolution, anything needed for Housing Connect to do in conjunction with the closing of this deal we authorize, as well as anything in this resolution that is not valid, it does not invalidate the rest of the resolution. Chair Bernal asked for any further questions or comments. Chair Bernal said, with that, I'll ask for a motion on Resolution #1121.
 - Commissioner Johnson motioned to approve the Resolution #1121 Housing Connect 44 North Omnibus Closing Resolution; Commissioner Ramos seconded the motion. All Board members present (Chair Bernal, Vice Chair Nguyen, Commissioners Johnson, Leonelli, Litvack, and Ramos) voted In Favor of Resolution #1121; none opposed. Resolution #1121 is accepted and passed.
- Quarterly Reports
 - CEO Kimball introduced the reports; we have several quarterly reports, then an annual report on Grants, and then the monthly financial report.
 - CAO Kienast started off with Property Operations. Overall, the 4th quarter was very good. We've seen a very nice trend on the occupancy side. The Operations team keeps track of vacancies, long-day vacancy, delinquency, and operating expenses; those are the four (4) areas we focus on. We've been seeing continuous improvement, and the compensation package is tied to those four (4) metrics as their quarterly bonus. CAO Kienast also called out Property Manager Elizabeth Henessy who is running our Public Housing units. Every single public housing unit is occupied right now, and she runs a very tight ship.
 - CAO Kienast continued the LITHC portfolio is strong and it's been fairly consistent throughout. We're excited to get New City Plaza (NCP) leased up here shortly; we leased up Granger in two (2) weeks. They've got 50 persons from the waiting list qualified for NCP. Ninety-eight have been approved by Property Management and are ready to go and 57 are in the application process.
 - CAO Kienast also called out Director of Property Management & Compliance, Jeanette Hernandez. We are in awe of her skill, of all the balls she has in the air, and keeping track of it, and keeping these projects in compliance.
 - Housing Choice Vouchers & Eligibility
 - COO Timmerman: we've been talking about each (Housing Choice Vouchers and Eligibility) over the last year and talking about our numbers, and really what it comes down to is we're trying to house as many people as we can with the money we get; sometimes we overshoot as in the last couple of years, and we've housed more people than we have money for. With attrition and people leaving the program, we're getting closer to where we should be. And we don't know what funding will look like for this year and beyond; but we are confident about where we will end 2025 as of right now. We've predicted our worst-case scenario would be just over a million dollars in shortfall, which is a doable number for us, based on other funding we could use through our MTW (Moving to Work). Certainly, if something drastic happens with HUD, then we'll be talking about that and we're doing what we can now to plan for that.
 - One highlight is they are leasing up FYI vouchers, which is Foster Youth to Independence vouchers. This is HCVs Assistance for households ages 18-24, who have left the foster care system and are homeless or in jeopardy of becoming homeless. The other thing that has been happening is a big switch from the Housing Quality Standards (HQS) inspection tool to NSPIRE.

- Supportive Housing
 - Supportive Housing does a lot of work similar to the Housing Choice Voucher (HCV) teams. Mostly rental assistance; some of these programs give us some flexibility to take away some of the administrative burden. This is a team I've inherited with Zach Bale leaving. I think I'll start highlighting each program and over the next couple of years, you'll hear a bit more detail about one program in addition to a snapshot of where we are. The partnerships we have with our funders in this area are important, and one thing to highlight between our city, county, state, and federal awards – the Supportive Housing team will have administered nearly \$29M between July 1, 2023 and June 30, 2025. There are many different guiding principles and regulations they're sifting through and reporting to funders. It's a big job; thank you to Director Niemczyk and her team.
- Resident Services
 - Moving into our Resident Services highlights, it's exciting to see the work they're doing. As you know, we have a strategic plan which will be implemented over the next several years; and I start interviews tomorrow for the Resident Services Director position, which we are excited about. I won't cover all the highlights, but the Financial Wellness Case Manager program is very exciting. They're working with households to reduce debt, increase their savings, and increase their credit score. Commissioner Johnson asked how has the response been to the Resident Services Director posting? COO Timmerman responded, we're interviewing five (5) candidates in the first round, and we feel it's a good group. We have one internal candidate, and a candidate who is a previous employee of Housing Connect. I'm excited about the candidate pool.
- Annual Grant Report
 - Director Niemczyk presented: Once a year we like to take a minute to step back and talk about our grants. This is a summary of grants and contracts, with a breakdown of where our grant came from. We have some interlocal agreements with the State as well as with the County, rather than competitive grants. We've combined those together in this report, the three 'pots' of money we're receiving from Federal, State, and local (county/city). We're overseeing about \$17M in annual funding; that continues to grow – about \$2.5M this past year, and that's a bit high due to our partnership with Salt Lake County Behavioral Health. The growth of the \$2.5M, \$1.3M of that growth is a one-time project with them. The second part of the report that I wanted to highlight for you is we're watching quite a bit of this funding to see what might be vulnerable, what changes we know are coming.
 - One of those changes we know specifically is the conversation we had at the December (2024) Board meeting around the State of Utah HOPWA funding, which is Housing Opportunities for People with HIV/AIDS. That is going to be ending. It's actually the formula being used to allocate the money; it has to do with the number of persons diagnosed with HIV. One set of funding goes to Salt Lake City for the Salt Lake City Metropolitan area and the rest of the funding comes to the state for the rest of the state. The State no longer has enough people with a diagnosis of HIV/AIDS to qualify for funding. And that's why the funding is going away.
 Commissioner Johnson stated your report might answer it or the financial report might; when we think about Federal funding, it's around 60%. We've got our federal funding down to a lower percentage of the total agency revenue. This is a portion of that, the vouchers are a portion of that; and we're keeping our eyes on all of that. You're speaking to the contracts and grants part of that and someone's keeping their eye on the broader landscape around vouchers, but there's more Federal funding we're getting in in the form of vouchers then? Director Niemczyk replied yes. Commissioner Johnson went on, it's not really a question. We're making sure we're understanding how this fits into the overall picture. And we're really grateful you're providing this and anticipating questions.
 Director Niemczyk continued, as we talk about the funding, this is how we use that funding. And the last piece, this does not include any of the fundraising dollars that come through the Fund. And during the next Fund meeting, we'll be bringing a similar report like this to demonstrate and

you can take a look as well at the non-profit part of the funding. What I have just presented is all the funding that comes through government grants.

- Monthly Financial Report

- Controller Biesinger presented, starting off with the Consolidated Revenue for Housing Connect for the full year of 2024. We're meeting right now with the auditors as we close up 2024, so these are somewhat preliminary in their nature. As an agency, we have nearly \$74M, and the largest piece of that pie was for HCVs. It has \$45.1M, plus \$3.8M in admin funding we received through the HCV Program and the Emergency Housing program. The second largest was the Supportive Housing programs Director Niemczyk presented.

We have recorded, so far, \$13.5M for the last 12 months. The next largest piece would be Public Housing at \$3.6M; \$2.2M in development fees. And the Covewood property brought in \$1.5M, and all four of our other owned properties combined brought in another \$1.5M.

- As for the perspective of how that revenue is coming in, we're getting more and more diversion in the revenue sources. And CFO Aniban added, if you look at the development fees, it's what fills into the gap as we operate. It really drives the importance of going for development and Housing Connect being the developer. That gives us money, basically, to recycle and keep us operating at that level.
- Chair Bernal asked are the ones we show a negative result right now, are any of them – do you see any problems with any of them or are they probably going to bail themselves out? CEO Kimball replied, there's a couple we have ongoing challenges with: this building we have an ongoing HVAC issue, and Grace Mary Manor (GMM) has an ongoing challenge. CFO Aniban added Hunter Hollow also, it's more on rent. There are some projects we converted to RAD early on which have very low rents. There's a notice out CAO Kienast is watching which will allow us to increase the rent subsidy from HUD.

Controller Biesinger went on: GMM was over their Capital Expenditures Budget by about \$99K and Villa Charmant was over their Capital Expenditures budget by \$82K, but we believe those are a one-time expense in nature.

- Our total reserves went from \$10.378M to \$9.9M from December 31st to January 31st, which is a \$480K decrease. This was planned to cover draws for NCP and will be replenished. If you factor out the NCP payment we made, we had an increase in overall reserves; and Unrestricted Revenue/Reserves went up from \$3.6M to \$3.7M. But the Restricted Reserves dropped from \$6.76M to \$6.2M. Chair Bernal asked if we are going to get funds from West Valley City (Housing Authority consolidation). CEO Kimball said yes, and they are Restricted because they're from the sale of Public Housing. We will have to invest those funds in line with the regulations. We do know their housing authority is not in shortfall. Chair Bernal commented it will give us additional funds for development; CEO Kimball said yes, and I believe it's ~\$1.8M so it's a good deal for us.

- CEO Report

- CEO Kimball said there's a couple of items I want to highlight today.
 - The first item is we're watching what is going on at the State and Federal levels in terms of funding right now. We don't really have any information. We're waiting for Congress to pass the budget, and they have until March 14th. The bigger concern on a Federal level is looking at the staffing at HUD. We're hearing reports they may cut staff by 50%. We're a little worried about what that will mean for us to be able to do our jobs. The items happening on a monthly basis will be fine, the rent coming. We'll have challenges, I think, around closing properties, and maybe around the merging of the housing authorities. We might have to seek additional support to get those to move through.
 - At the state level, we're seeing a real push back against permanent supportive housing. We're not sure what that will mean for some of our funding and some of our future development as we're not sure where that's all going to go. We're trying to rethink what we present at next month's NAHRO Washington Conference.
 - We're having some challenges with Grace Mary Manor (GMM). GMM was our first permanent supportive housing project we did and we brought it on in 2007. It's 84 studio apartments and we're serving the hardest to house. The average age of tenants is 55; average income just over \$9,000. About 30% are seniors; 61% have a disability as defined by Social Security. We've never

been able to bring in the behavioral health services we need and there's a variety of reasons for that. The other challenge we have is structural. Our units there are ~300 sq. ft., yet they're a studio. If we would have made the units one-bedroom, we would have had significantly more income and we would not be running some deficits. Recently, we received word under the CoC (Continuum of Care), we did not get funding for our permanent supportive housing CoC rent assistance. This affects Kelly Benson Apartments (KBA) and GMM.

KBA is 11 units; property cash flows we don't see as an issue. We will be able to house the same number of clients and can be absorbed in the property budget. GMM is a bigger challenge. Initially, we're looking at our tenant-based rent assistance and we're going to see how many of those individuals will qualify for the same rent assistance. But instead of project-based, it's tenant-based. Long term, though, we really need to look at some structural changes to get behavioral health there and perhaps also looking at unit configuration so we can increase our revenue. From my perspective, the first thing we need to do is figure out the supported services. We really need to bill Medicaid for behavioral health, and to do that we have to offer services that cannot be accessed directly from the client's apartment. We need to look at that with an architect. And we want to develop the plot of land adjacent to GMM. But we don't have the political will from South Salt Lake to do that. I think what we'd want to do is really look at partnering with First Step House or VOA to be the service provider on-site and also do the 24/7 management that we do. I think, in the short term, we are going to try to shore up the losses using tenant-based vouchers long term.

Commissioner Litvack said her new Human Services department director came here from Long Beach, CA and spoke about the idea of some of our sub-acute 16-bed units for behavior health services being placed on hospital grounds and she might be able to assist you in evaluating the service model concept and delivery. It could be an eloquent solution to enabling the residents to have services, but not within their units. CEO Kimball answered, I will reach out to Kelly then. Commissioner Litvack also asked if any of the clients at GMM are Assertive Community Treatment (ACT) team clients? Do they have ACT team assignments? CEO Kimball replied there's some when we've looked at it in the past. Commissioner Litvack explained ACT teams are meant to follow the individual and go wherever they go, whether they're housed or not. We do have some ACT team capacity right now, and I would encourage you to engage quickly.

OTHER

- CEO Kimball went over items under OTHER on the agenda.
 - The HUD management letter basically echoes the audit finding we had last year where we had the inner fund which had balances writing instead of being closed out every year. We sent our audit to HUD, and HUD agreed and issued a letter stating we need to fix it.
 - We have a closure of a very complex Fair Housing complaint. We've included that for you to review.
 - We do have our Section 8 management assessment plan or annual report. We've provided that to you in a separate link as it's long. The program is operating really well. We had two areas where we didn't score as well as we could have and one of them is beyond our control. We get an automated number from HUD based on our submission of re-exams, and because we have a Rent Reform study, it doesn't get pulled up into the HUD system, and we lose points there. We could appeal it, but we're still high performing and we don't.
The other area - we were not as timely in some of our annual inspections and that was caused by the way the data system was pulling them. We've corrected that. And the team is performing well, and I would like to call that out and thank COO Timmerman and HCV Director Brady for their good work there.
 - We have an audit letter for Hunter Hollow. And then our standard monthly hiring report, asset list, and our Board meeting timelines.

- **Real Estate Development**

- Director Moorhead presented:
- New City Plaza – we’re done. Well, not quite done, but yesterday they completed base construction work. Today, we’re having our Certificate of Substantial completion tour. There are some things not quite done, but those issues are being handled, outside of the general scope because we need to get work completed in order to meet our own inspections, now the NSPIRE inspections. Kier Construction has agreed to do the work without the general requirements
Some bad quality control like braided hoses that were installed in the building need to be replaced and we’re handling those as a warranty issue, and not as base construction. Basically, this is a seismic area, and we’re required to have braided hoses and we just got a bad batch of them. We’re trying to close out some of our committed funds, specifically, \$1.4M from the county and \$895K from the city. Those have been submitted to HUD for review, and we hope to close on those loans by early March. And we are also closing on a \$4M short-term loan from Enterprise to cover the next equity installment. We also have a couple of loans submitted to HUD for Build America, Buy America (BABA). And we have a request into Enterprise to increase the upward adjuster by more than 5%, which would be huge if we’re given that.
- Granger Apartments: we have occupancy obtained for all 24 units. We have to meet three months of stabilized occupancy before closing on the permit financing.
- N44: I’ve already started our closing calls with Rocky Mountain CRC, and we’ve already discussed those resolutions. We’re working hard to get that deal closed, assuming we are able to get our construction permit by the end of February, if not soon thereafter.

- Chair Bernal commented on needing a fact sheet/card to have on hand when meeting with our Congressional delegation and at other times to better represent Housing Connect to everyone. Director Niemczyk will be working on that with Marketing Specialist Kolendrianos.

ADJOURN

- At 1:26 p.m., Chair Bernal asked for a motion to adjourn. Commissioner Nguyen motioned to adjourn. It was seconded by Commissioner Johnson and All Board members present (Chair Bernal, Vice Chair Nguyen, Commissioners Johnson, Leonelli, Litvack, and Ramos) voted In Favor of Adjournment; none opposed.
- The Housing Connect Board of Commissioners meeting Adjourned.

Respectfully submitted by Executive Administrator Lori Berry.