

**MINUTES**  
**BROWN COUNTY HOUSING AUTHORITY**  
**Monday, December 19, 2011, 3:00 p.m.**  
**City Hall, 100 N. Jefferson Street, Room 604**  
**Green Bay, WI 54301**

**MEMBERS:** Michael Welch-Chair, Tom Diedrick, Rich Aicher, Darlene Hallet, Ann Hartman

**OTHERS PRESENT:** Rob Strong, Robyn Hallet, Chip Law, Matt Schampers, Matt Roberts, Dawn DeWitt, Stephanie Hummel, Victoria Pamentier, Patrick Faulds, Erich Schwenker, Chuck Lumine

**APPROVAL OF MINUTES:**

1. Approval of the November 21, 2011 minutes of the Brown County Housing Authority

A motion was made by D. Hallet and seconded by T. Diedrick to approval the minutes of the November 21, 2011, 2011 meeting of the Brown County Housing Authority. Motion carried.

**COMMUNICATIONS:**

2. Letter from HUD dated November 21, 2011 of approval of 2012 Annual Plan

R. Hallet stated that we received notification that HUD approved our Annual Plan.

The Authority thanked R. Hallet for the information.

A motion had been made by D. Hallet and seconded by R. Aicher to take the agenda items #4 and #5 out of order to accommodate guests. Motion carried.

**OLD BUSINESS:**

4. Discussion and possible action regarding loan request from General Capital for low income housing tax credit development

R. Strong stated that this project was discussed at the Authority's last meeting in closed session. There has been a meeting set up with the Green Bay Housing Authority to discuss this. GBHA is receptive to this idea, but could not meet a quorum and therefore could not meet. The Authority needs to formalize their recommendation that was taken in closed session last month in open session. The project has been publicized since the last meeting of the Authority, and so the figures can now be made public. The Authority would offer a \$350,000 loan over the full length for tax credit if the GBHA offers a loan for \$150,000 over 10 years.

T. Diedrick questioned what the interest rate was. R. Strong stated that it would be 1.0% per year interest.

A motion was made by D. Hallet and seconded by T. Deidrick to make a formal recommendation of the loan requirements for the loan request for General Capital for low income housing tax credit development project. Motion carried. R. Aicher abstained.

**NEW BUSINESS:**

5. Discussion and possible action on request by Cardinal Capital Management to project base 52 vouchers for a veterans' housing project

R. Strong stated that this opportunity is a project for Veteran housing near the new VA Clinic. Cardinal Capital Management recently developed Veteran Manor, a veteran

housing development in Milwaukee and are interested in doing a similar project near the new VA Clinic in Green Bay. They are interested in part of a property currently owned by Brown County, the Mental Health Center. There has already been a neighborhood meeting about this project, where the neighborhood presented many questions to the developer. Cardinal Capital is asking the Authority for use of Project-Based Vouchers this development.

(Ann Hartman arrived at this point)

Erich Schwenker from Cardinal Capital Management described their previous projects and history that makes them knowledgeable in developing housing units for under-represented populations (deaf, veterans, disabled, etc.). The development in Green Bay would be about one mile from the new VA Center. They are currently looking at the Brown County Mental Health Center as a property of interest, but have not made any decisions thus far. Cardinal Capital will be taking longer than usual for this project (around 2-3 years from now until development).

E. Schwenker explained that ideally this project would include transitional housing and permanent, supportive housing. This would help people with substance abuse and mental health issues and homelessness of Veterans. This along with the nearby VA Center would allow for positive support for Veterans.

E. Schwenker described the reasoning behind the need for all of the units being Project-Based. Since banks typically will not support these types of projects without other groups backing them because they do not want to pursue foreclosure against Veteran groups, Cardinal Capital cannot complete this project without financial help from the Authority and other federally-based funding. They would not need Vouchers until the beginning of 2014. While they do not need the Vouchers immediately, they do need some form of commitment or support within the next few months.

R. Aicher questioned which geographic area these Veterans will be coming from. E. Schwenker stated that it would be mostly local and the Fox River Valley. This could be utilized by the entire state as well.

T. Diedrick stated he supports the need for transitional housing and further support for Veterans. He questioned whether or not it is beneficial for all of the 52 units to be Project-Based for Veterans as this could disconnect them from the community. E. Schwenker stated that this would just be an option for Veterans, not the only option of housing for them. This project is meant to use Veteran camaraderie to help them get "back on their feet" while accessing the VA Center for medical needs.

D. Hallet questioned if the newspaper article about the neighborhood meeting was accurate. E. Schwenker stated that it was. The questions the community posed were accurate and just questions. He stated that they are not in the position to offer a drawing of the development yet, so the initial neighborhood questions will be considered for their next presentation. Brown County has offered them 6 acres for development. The neighborhood questioned what would happen to the rest of the Mental Health Center.

R. Strong stated that the staff would continue to work with the project for the next 60-90 days to work out a commitment with permission from the Authority.

E. Schwenker explained that Cardinal Capital incurs costs to put this proposal together and would like to limit those costs to no more than \$100,000 without knowing where they stand with the BCHA, which means that we work together to come up with some recommendations by the end of the first quarter and try to have an understanding by the middle of the year.

E. Schwenker offered that arrangements could be made to bring Commissioners to Milwaukee to tour the Veteran housing facility there or have their staff come up here to talk in more detail about Veteran's Manor in Milwaukee.

R. Hallet stated that agenda packet item #5b describes how project-basing all of the units would affect the program. Although supporting Veterans and the project itself may be the right thing to do, the Authority also needs to take into consideration the other obligations and families we serve and how project-basing 52 units would affect them. Veterans already have preference for vouchers, so would we want to give them an even great preference with this project?

R. Aicher stated that his question earlier about where the Veteran would be coming from is related to this: would Veterans need to be a Brown County resident to get the preference? R. Hallet affirmed they would. R. Aicher stated that we would have to change our preference guidelines to accommodate this if we decide to support this project.

M. Welch questioned with the increase of Veterans if more funding would become available for them. R. Hallet stated that there will be with VASH funding. Cardinal Capital is not requesting to project-base VASH vouchers, but regular vouchers, so the increase in funding will not help in this situation.

R. Hallet inquired if the Authority could use VASH vouchers for this project as well as Project-Based vouchers. E. Schwenker stated although there are different requirements for VASH vouchers, this would not be an issue and either voucher could be used for this project.

T. Diedrick questioned when their market study would be completed. E. Schwenker stated that within 60 days it would be completed. R. Hallet questioned if this would focus on the needs of the Veterans. E. Schwenker stated the study would be primarily concerned with the needs and the number of Veterans that would use this facility.

R. Hallet stated that she spoke with a representative from the VA, who stated that there were about 30 Veterans on the waiting list for VASH vouchers, but that about half of those Veterans would not qualify for a regular voucher. The representative stated that the presence of the clinic would make the VA more aware of Veteran issues that they are not currently aware of. D. Hallet said she agreed with that, and does not see any harm in further discussion and pursuance of this project.

R. Hallet stated that the money lost on this could be significant while holding the vouchers and not using them. When the 150 Project-Based Vouchers were held for an earlier project, it is estimated that the Authority lost \$340,000. E. Schwenker did not agree with this number and wanted to double-check with the accountants at Cardinal Capital on this number.

M. Welch stated that no action needs to be taken and that the Authority and staff will continue to work with Cardinal Capital on this project. Once the Authority has further information, they will be able to make a decision.

## 6. Discussion and action regarding purchase of new housing software

R. Hallet stated that the GBHA started considering other software, as was ICS. This became a collaborative effort, which in turn brought in the BCHA. ICS is requesting that BCHA fund the cost of the new software. R. Hallet passed out information regarding the cost for HAPPY Software.

D. DeWitt explained that the reason they began looking at different software is because HAPPY software has indicated that the current software will be phased out within five years and will no longer be supported. Therefore it was a good opportunity to consider if they wanted to convert to HAPPY software's new version or another provider.

M. Schampers stated that ICS's independent quote is \$89,950. The GBHA and BCHA quote is \$39,056, for a total of \$129,006. The combined quote would be \$107,595, which would reflect a discount for purchasing the software jointly. M. Schampers explained these quotes are time-sensitive, with 2011 pricing. He further explained that the software would be used by the Authority for our accounting purposes and ICS would be using it for everything to run the program, such as waiting list, payments, etc., which is why ICS is requesting BCHA pay for it.

M. Schampers explained the next part of the spreadsheet is the System Cost by Agency: for BCHA, the cost would be \$7,300, which is for use of the software for accounting; \$56,108 would be on behalf of ICS for ICS to run the program; ICS would pay \$33,842 (\$12,800 if that is from joint reserves); remaining \$21,000 ICS funds (non-BCHA); GBHA would pay \$31,748.

M. Schampers stated that the cost of annual support for BCHA would be \$400, compared to the \$2,000 that we pay currently for Fundware, so there would be a significant savings.

R. Aicher questioned how many software systems would be purchased. M. Schampers stated that GBHA and BCHA would buy one collectively, and ICS would prefer to have their own separate license. It would be run like it currently is between ICS and BCHA.

R. Hallet stated that we looked into other software programs, but both BCHA/GBHA staff as well as ICS staff, agreed this software was the best.

M. Schampers stated that the BCHA has approximately \$550,000 in reserves and the \$56,000 would be taken from the reserves.

R. Aicher questioned what would happen if ICS and BCHA ever parted ways, what would happen to the information stored in HAPPY. C. Law stated that the information is as much the Authority's as it is ICS's, so there should be no problem with accessing information. Several people expressed that there likely is an agreement in place from when ICS originally purchased HAPPY software 10-12 years ago and all agreed that a written agreement should be put in place upon purchase of the new version of the software.

R. Aicher questioned if there is a benefit to waiting to upgrade. R. Hallet stated that now is the ideal time because we would get the lower 2011 rate, and also the GBHA would like to upgrade now and it will be more efficient overall if done together. D. DeWitt also stated that the scanning software and mobile inspections would create efficiencies.

R. Aicher asked for clarification on some of the numbers on the spreadsheet. M. Schampers clarified that because ICS prefers to purchase their own license, we are proposing ICS pays \$21,022, which represents the difference in cost from purchasing the system jointly. BCHA's cost would be \$63,415 plus the \$397.50 for annual support for the accounting portion.

A motion was made by T. Diedrick and seconded by R. Aicher to purchase the new housing software with an agreement to be developed that the BCHA and GBHA owns their respective data. Motion carried.

R. Hallet thanked M. Schampers and D. DeWitt for their hard work in the process of exploring the software options and the decision making process.

7. Review and approval of revisions to Chapter 7 (Verification) of the Housing Choice Voucher Administrative Plan

R. Hallet stated that the section in question is 7.III.H.Income Tax Return which states:

*“Program applicants and participants are required to submit a copy of their most recently filed income tax return as part of the enrollment or certification process.”*

With the use of the EIV System which reports an applicant's/participant's income, this policy is redundant. The value of this is not worth the administrative cost to enforce it. R. Hallet stated the request is that this requirement be eliminated.

A motion was made by D. Hallet and seconded by A. Hartman to remove this requirement. Motion carried.

A motion was made by D. Hallet and seconded by T. Diedrick to resume agenda order to item #3. Motion carried.

**REPORTS:**

3. Report on Housing Choice Voucher Rental Assistance Program

A. Preliminary Applications

M. Roberts stated that there were 39 preliminary applications in the month of November.

B. Unit Count

M. Roberts stated that the unit count was 3,049 for November.

C. Housing Assistance Payments Expenses

M. Roberts stated that the HAP expenses for November were \$1,244,481.

D. Housing Quality Standard Inspection Compliance

M. Roberts stated that 53.64 percent passed the initial inspection, 25.45 percent passed the re-evaluation, and the fail rate was 20.91 percent. He explained that in this month a lot of quality assurance inspections were conducted, which have a high pass rating; this reflects the overall high pass rating for this month.

E. Program Activity/52681B (administrative costs, portability activity, SEMAP)

C. Law stated that year-to-date, ICS was \$101,767.95 under budget.

M. Roberts stated that in November, there were 178 port outs and 20 port ins.

M. Roberts stated that the score for HAP Utilization 112 percent for the year.

F. Family Self-Sufficiency Program (client count, escrow accounts, graduates, new contracts, homeownership)

M. Roberts stated that there were 96 clients in November, of which 38 have escrow accounts. There was one November graduate and zero new contracts.

M. Roberts stated that there were 84 clients participating in the Home Ownership Option in November.

G. VASH Reports (active VASH, new VASH)

M. Roberts stated that there were 18 participants and zero new contracts.

H. Langan Investigations Criminal Background Screening and Fraud Investigations

M. Roberts stated that there were 10 new cases, 12 previous cases that are now closed, and 20 active cases.

8. Review and approval of the BCHA budget for the 2012 calendar year, including review of investments

M. Schampers stated that the first page is a summary and includes all the various funds. The biggest difference is going to be with HAP Income. The amount budget last year was \$12.2 million and this year is \$14.7 million. While HUD's obligation estimates indicate \$14.7 million, the forecasting spreadsheet from the HUD Field Office predicts \$13.4 million. M. Schampers is trying to get more guidance as to which number is more accurate. The budget difference for FSS is because we had budgeted for 2 positions last year and are funded for 3 this year. As for expenses, the salary and wages stayed about the same and staff training increased slightly. Almost everything else has stayed the same. The miscellaneous budget has decreased slightly. M. Schampers stated that he used an average of years past to create this number, and also analyzed the amount budgeted versus the amount spent. This is why the budget was lowered. This budget includes the new software and the loan for the Larsen Green development, which would come from unrestricted funds since there were no restricted funds that could be used for this. Contract Cost – Administration, \$1.2 million, reflects the portion of administrative fees that BCHA pays to ICS. This amount is budgeted for less and is why ICS is exploring cost saving measures. HAP expenses, compared to last year is higher, but is lower than the year-to-date HAP expenses, which reflects that we are trying to get down to our appropriate leasing level, since we are overleased right now. Homeownership Counseling is at \$14,000, although none were expended last year. This is for the homeownership counseling NeighborWorks® Green Bay does for the HCV Program. The \$14,000 reflects the amount the Authority have approved for that, even though NeighborWorks® hasn't billed us in some time, which we are working with them to sort that out. The next big one is Homeownership Assistance/Downpayment & Closing Costs: the \$134,000 budgeted is the amount the Authority has authorized, even though there were no expenses from this line item last year and only \$15,000 the previous year. However we budgeted \$134,000 because that is the amount approved so that is the maximum that could be spent. Realistically, less than \$20,000 will likely be paid.

T. Diedrick inquired what would happen if our HAP income is less than budgeted. M. Schampers explained that if the more conservative forecasting spreadsheet is accurate, it's the same as we've been talking about recently, that we need to decrease our unit count to 2750. If the HAP income turns out to be \$14.7 million, it'll be really great news and we wouldn't have to drop our unit count. M. Schampers is seeking further clarification and will inform the Authority of what he learns at the next meeting. He further explained that if that number is correct, our sustainable unit count is 3,000 vouchers and we are at 3,016, so if that number is right, we just need to lease up enough to match our attrition rate. If the other number is right, we stay on course with trying to cut 300 vouchers.

The investments remain at what was previously discussed: \$250,000 or less in checking, which is the FDIC insured amount, and is at 70 basis points. The remainder is in the money market, spread across different banks to remain FDIC covered, and is at 35 basis points.

M. Schampers explained that HUD recently announced that they are changing how they do the funding: they now want to move reserves to be within HUD's control and provide them to Housing Authorities as we need them. This affects how much interest we earn, as HUD will now earn that interest instead of us. So, we will have significantly less money once HUD recaptures it, although they say we will have access to it upon request.

A motion as made by T. Diedrick and seconded by D. Hallet to approve the BCHA budget for the 2012 calendar year. Motion carried.

9. Discussion and possible action on summons for Foreclosure of Mortgage for a recipient of a BCHA loan for down payment and closing costs

R. Hallet described that the property is in East De Pere at an assessed value of \$130,000 with an original purchase price of \$115,000. The first mortgage is with Universal Savings Bank for the amount of \$101,900, which is currently paid down to \$93,667. The second mortgage is with the BCHA. There are two loans from the BCHA with the amounts being \$7,050 and \$2,500. Corporate Council was asked to file a notice so if the property were to sell, BCHA would be in line for some of the proceeds.

R. Aicher asked what action would be needed. R. Hallet stated that action would be needed if the Authority chose to acquire the property. M. Schampers stated he needs Authority approval to write off the loan as a bad loan. R. Aicher stated that he did not believe it would be worth the investment with the real estate economy in its current state. The Authority agreed with this.

A motion was made by R. Aicher and seconded by A. Hartman to write off the balances of both loans. Motion carried.

**INFORMATIONAL:**

R. Hallet brought forward the meeting schedule for 2012 to the Authority.

R. Hallet presented information regarding life insurance for the Authority members, asking each to confirm the information listed for them is accurate.

**BILLS:**

A motion was made by D. Hallet and seconded by R. Aicher to approve the December bills. Motion carried

**FINANCIAL REPORT:**

The financial report was received and placed on file.

**STAFF REPORT:**

None

Any person wishing to attend who, because of a disability, requires special accommodation should contact the Brown County Human Resources Office at 448-4065 by 4:30 p.m. on the day before the meeting, so that arrangements can be made.