

MASON COUNTY HOUSING AUTHORITY MINUTES

MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF MASON COUNTY (MCHA) HELD AT 9:00 A.M. ON **October 23, 2014**, AT THE MASON COUNTY COMMISSION CHAMBERS, 411 NORTH FIFTH STREET, SHELTON, WA 98584

1. **CALL TO ORDER AND ROLL CALL:** Chair Wallace called the meeting to order at 9:00 a.m. Roll call was as follows:

Present:

Chair Merrill Wallace
Commissioner Karen Monroe
Commissioner Tyler Music via speaker phone

Absent:

Also Present:

Katie Bonus, Longview Housing Authority
Tom Drake, Longview Housing Authority
Becky Rogers, Clerk of the Board
Patti Sells, Housing Coalition
Mike Olson, City of Shelton
Kathy Haigh, Washington State Representative
Ricardo delBosque, Shelton School District
Miles Nowlin, Shelton School District
Elaine Hoglen, Citizen
Ben Wickham, Cascade Management, Inc.

2. **MINUTES:** Approval of the September 25, 2014 regular meeting minutes.

Chair Wallace called for motion to approve the regular meeting minutes. Commissioner Music/Monroe moved and seconded motion. Chair Wallace called for question. None opposed. Motion carried.

3. **PUBLIC COMMENT:** Representative Haigh stated she has come to understand some of the situations in the community relating to housing and the impact on kids in the schools. She is trying to figure out how they can help kids be successful in schools. The Tacoma School District and their housing authority have worked with an elementary school that is giving vouchers to 50 families. The voucher requires the family stay in a house, keep kids going to the Tacoma elementary school, and the parents must take a parenting class and be involved in PTA and support the schools. The program has been successful and the kids have security outside the school. There is only so much the teachers can do.

Chair Wallace commented that it is always an issue with families that do not have an address as it is difficult for the school to communicate with the family and the child.

Representative Haigh stated that the CHOICE Shelton alternative high school has a housing option for students in transition program called HOST. The Rotary has helped to start funding for kids. If the student could find a place to stay, they would get financial help. It is a struggle for the kids; however, it has a lot of success. The community needs to realize how many houses are sitting empty and many of which are owned by the banks. It becomes a security issue when these houses are neglected. She visited Evergreen Elementary and with many of the Hispanic and Guatemalan kids who are living in 2-bedroom houses with 12 kids and three families. It is not a good learning experience. She turned to the Housing Authority to see if there are some things that they could do to begin to turn this process around. The banks do not want to sell houses, because they want the

value to come up before they sell them. Maybe there could be incentives found to sell a portion of the vacant homes, for example a set percentage (10%) a year. City of Spokane has required banks to report to the city all the houses that are sitting empty. There is no good accounting in the community. If a house sits beyond the established timeline they are fined \$200.

On last thing she mentioned if there is some work that could be done with elementary school and the Habitat for Humanity to see if a family could adopt a house, refurbish it and get someone in to work on it. This is a rural issue and not an urban issue. She wanted to encourage the banks to get some local agency to help through this process.

Chair Wallace responded this is similar to the housing voucher program. The housing vouchers for Mason County are handled by the Bremerton Housing Authority (BHA). There are 134 vouchers which are designated for this community. BHA would be the catalyst. They are controlled by federal funds through Housing and Urban Development (HUD). Due to the cost (approx. \$200,000) to support this annually, the local housing authority was unable to maintain this program.

Chair Wallace stated it is a voucher with services. All Mason County Housing Authority properties are project based. The subsidy comes to the housing unit and they do not have the flexibility of using the funds in another unit such as a foreclosed home. There may be vouchers available through the Bremerton Housing Authority. The BHA has a Shelton office that is open one day a week to serve those on the voucher program.

Mr. Drake, LHA, concurred with Mr. Wallace that Bremerton Housing Authority would be the point of contact for housing vouchers. With the recording fees there are fees set aside for vouchers that could be used for this. Right now there are no housing vouchers that the local housing authority can control.

Representative Haigh stated there are people here that think there is something that needs to be done and are trying to make the community aware of that while continuing to work on it. It is an important issue if this community is going to pull out of the doldrums. She stated she would do what she can in working with the school district.

Chair Wallace summarized that there are two sources of revenue in the community, the Bremerton Housing Authority with the voucher program and the County with the document recording fees that go towards proposals that would subsidize housing in these types of situations.

Mr. Drake asked if they did put together a proposal, would the school be willing to put together letters of support. The county is not the only source of funds, depending on how the legislature acts, there may be housing trust funds as well.

Ms. Sells noted that some of the housing trust funds go to the shelter.

Miles Nowlin stated he would be supportive of a good plan. The federal funds from HUD are very limited. The funds have not been increased in a long time. There needs to be exploration of other revenue sources. He questioned what would be the first step to tracking those houses which are foreclosed and sitting vacant for over a year and then implementing some type of fee similar to what has been done in Spokane.

Chair Wallace responded that would be set up by the municipalities, City of Shelton and Mason County.

It was noted that the Assessor's office does not have a list of these types of homes.

Ricardo delBosque shared an incident where a bank helped two families that were close to become

homeless. The bank offered to the families to stay in a vacant home rent free as long as they kept it clean inside and out and paid utilities.

Chair Wallace commented that is a great idea to work with financial organizations within the community to occupy houses for securing the organization's investment.

Representative Haigh expressed concern for senior housing that is on a level that people can get in and out, in locations so people have access to transit with the ability to get where they need to go. Security is a huge issue. There seems to not be enough housing for this population in the community.

Miles Nowlin encouraged the housing authority to look at best practices as far as tracking systems for vacant homes and try to implement that as well. Also work with local state representatives to see what can be done this legislative session. The program in Tacoma is similar but different than HOST. HOST is a smaller program. The model in Tacoma is much more family based transitional housing completely married to school supports.

Patti Sells asked if they could have Bremerton Housing Authority attend the monthly meetings.

Chair Wallace stated they could ask the question of BHA. He stated they should be at the Housing Consortium meetings, as all the service providers attend. They could ask if they are willing to be present to field questions.

Representative Haigh concurred that it would be good to ask BHA representative to attend the local housing authority meeting. She talked with Derek Kilmer and Denny Heck who are on a federal housing committee, as well as Patty Murray. Ms. Haigh offered to go back to DC and ask for assistance if there is a plan put together that could show the real numbers.

4. CHAIRMAN COMMENTS: Add on to agenda. 7.2 - WSHFC Meeting on 10/3/2014 discussion.

5. COMMISSIONER COMMENTS/REPORTS: None

6. FINANCIAL:

6.1 Approval of Claims Certification for September 2014

The Cove Apartments – \$18,935.71
Pine Garden Apartments - \$18,947.44
Kneeland Park Apartments - \$8,239.94

Chair Wallace called for motion to approve the Claims Certification for September 2014. Commissioner Music/Monroe moved and seconded motion. Chair Wallace called for question. None opposed. Motion carried.

6.2 Income Statement Review -- It was noted that September is the end of the fiscal year. Mr. Drake referred to other general expenses where they wrote off some expenses. It looks like a larger loss to agencies than it was. The year-end report shows occupancy higher than they wanted and therefore the cash flow is tight at the moment.

7. MANAGEMENT:

7.1 Routine Occupancy and Property Inspection Reports for The Coves, Kneeland Park, and Pine Garden for the months of September 2014. Of the 109 units, the year to date occupancy is 87%. The month occupancy is at 94%.

Ms. Bonus stated the only property showing significant change from the previous month is the Coves. Pine Garden was 100% occupied in September. Kneeland Park there was seven

vacancies. Nothing changed for move in of tenants at Pine Garden or Kneeland Park during the month of September as there was no staff to take care of turnovers. They rented what was currently ready at the Coves.

Chair Wallace provided a brief history of the local housing authority's 109 units.

- 7.2 **WSHFC Meeting on 10/3/2014** – Chair Wallace commented they have changed management teams. Longview Housing Authority has ended the management contract as of 9/31/2014. Cascade Management, Inc. (CMI) has been hired as of 10/1/2014. CMI is an organization that handles both Oregon and Washington properties. There was talk that the local legislative authority would like administrative control of the housing authority in Shelton; however, each property has its own set of compliance that needs a management team that is qualified. Ben Wickham, CMI, was present at the meeting with WSHFC regarding Kneeland Park. The Kneeland Park property is targeted for a population with a median income of 40 – 60%. They find the applicant population is below 30% income and cannot pay the rent due to no subsidy and others that are above the 60% income and do not qualify. It leaves the property somewhat vacant which does not operate well on cash flow. The rural communities are not getting affordable housing.

Mr. Wickham stated the WSHFC is concerned about bringing Kneeland Park up to a stable operating position. The first goal is to have an understanding of what it would take to get the units back on line and rented to bring the revenue stream back up. They have a contractor and one of their maintenance specialists who went through all the units. He noted there is some fairly significant rehab necessary to get the units rentable. Particularly, four of the units. The estimate for this work is \$40,000. There is also a roof problem which needs to be addressed. The estimate is \$35,000 – 40,000 to address that problem. The project would entail a tear off and reroof of two buildings. There are also some deck and railing issues in terms of making everything safe.

The HA has no reserves to pay for the volume of work necessary. CMI is trying to make an arrangement with the contractors they work with to see if they would do the work and float the cost until they get the units rented and there is a revenue stream coming in. The development project coordinator will be looking at options to reposition the property. They have an idea of what needs to happen.

Chair Wallace noted they have a debt service left on this property of roughly \$400,000. Originally, the building was just over \$1 million dollars in debt service. The property is estimated to be worth more than \$1 million. The WSHFC was thinking if the rehab is too expensive for the rehab; it should be raised with the idea of starting over. One of the other options, since it is in affordable use and it will not change even if it has a new owner, is to sell to someone that has the capital to make it a functional property. Possibly a new owner would have volunteer labor that could put the sweat equity in to it and make it a functional property. Mr. Wickham stated they are looking at approx. \$100,000 for the capital work. If the work is done and the units are occupied and they can show the property is stable for 3 - 6 mos. then they could talk to banks about refinancing the debt. It is not an impossible scenario. Chair Wallace added the WSHFC does not want to take the property back from the HA. If the project does not work, the WSHFC would seize the property and then market it.

8. **DEVELOPMENT:** None

9. **UNFINISHED BUSINESS:** Mr. Wickham reported they have hired two staff that are bilingual. They are both at the corporate office in Portland, OR attending a 2-day training. That allows them to staff the management offices. They are still recruiting for maintenance. Their Director of Maintenance Operations will be in Shelton to take a look at the properties. He will be supporting

the maintenance operation. There is some maintenance that has not been addressed because of lack of financing for staffing. They have had staff getting the maintenance shops to a place where they are safe to operate and assessing what needs to be done, getting some of the junk hauled away. They are hoping to be fully staffed within a few weeks.

Chair Wallace stated the portfolio manager that will be here periodically and also one of the key site managers needs to attend the Housing Coalition meeting and try to get into the network.

Mr. Wickham stated the portfolio manager they will assign worked for Oregon Housing so he is familiar with working with a regulatory environment and collaborating with different partners.

Chair Wallace expressed appreciation to the Longview Housing Authority for supporting the MCHA the past 12 months.

10. NEW BUSINESS : None

11. FUTURE MEETINGS: No regular meeting on the 4th Thursday of November, due to the holiday (Thanksgiving). Next special meeting is Wednesday, December 3, 2014.

12. ADJOURNMENT:

There being no further business, Chair Wallace called for motion to adjourn the meeting at 10:04 a.m. Commissioner Monroe/Music moved and seconded to approve motion. Chair Wallace called for question. None opposed. Motion carried.

Becky Rogers

Executive Secretary

[Signature]

Chair

SEAL:

