

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 **JULY 1, 2015**, 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 9:03 a.m. Roll call was as follows:

Present:

Chair Merrill Wallace

Commissioner Tyler Music (Arrived 9:10 am.)

Commissioner Kathy Haigh

Commissioner Tammey Newton

Absent:

Commissioner Karen Monroe

Also Present:

Ken Morrell, Cascade Management, Inc. (CMI) Portfolio Mgr.

Becky Rogers, Clerk of the Board

Patti Sells, Mason County Housing Coalition

Terri Jeffreys, Mason County Commissioner

Robert Kase

Lora McClanahan

2. **MINUTES:** Approval of the May 6, regular meeting minutes.

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

3. **PUBLIC COMMENT:** Robert Kase was concerned about a letter he received from the Fairmount Coves community manager that he is in violation of his lease because of his pet (Guinea pig) in his apartment, due to his PTSD.

Chair Wallace noted that his goal has been trying to get the two parties, Mr. Kase and Mr. Morrell, together and this is the first time he has been able to do that. Chair Wallace asked if Mr. Morrell could resolve this issue today. Mr. Morrell stated he would stop by the apartments. Ms. Haigh noted it is important when Mr. Kase has a conversation with the manager to have a third person present to keep the conversation level and accurate. Chair Wallace pointed out that with the Section 8 voucher, Mr. Kase could live in a house.

4. **CHAIRMAN COMMENTS:**

4.1 Gary Gordon was introduced as an applicant to serve on the MCHA. He gave a brief introduction noting he has been in Mason County 13+ years. He owns and manages Section 8 properties in Mason County.

4.2 Patti Sells was present. It was noted that the Public Health Director was given the task of finding out how to bring the Section 8 program back to Mason County. This task was delegated to Ms. Sells, Mason County Housing Coalition. Initially she

contacted Kurt Weist, Bremerton Housing Authority (BHA) and was informed the vouchers were moved in 2009 and were considered a permanent transfer.

Chair Wallace related that BHA was administrator at the time and wanted the MCHA to pay \$200,000/year for administration of the program. One of the problems with BHA was they charged a lot of fees to MCHA. MCHA currently has a large debt to BHA in the \$100,000's. The fee for the 181 vouchers at the time was based on voucher count. Now the fee is based on a dollar count. Since MCHA could not pay the administrative fees, they transferred the annual contributions contract (ACC) to BHA.

Ms. Sells met with Harlan Stewart, HUD, in Seattle and was informed the transfer of Section 8 vouchers to BHA was a permanent transfer and this was noted in a letter from Mr. Weist in approx. 2009. At that time, information was forwarded from Mr. Wallace on the Notice PIH (Public & Indian Housing) 12-11 which talks about the permanent transfer. All transfers and consolidations will be permanent for the entire balance of the public housing authority's (PHA) housing choice voucher program. The PHA's will not be able to decouple from the transferred or consolidated entity to reinstate former program.

Cmmr. Jeffreys asked if anyone has talked about the legislative intent on the ruling. Ms. Sells stated that due to the cost of running these programs, HUD is looking at consolidating HA's. Since 1976 MCHA has been under a larger HA (BHA). MCHA has been operational on its own since 2009. Shelton did not want to have a HA, so an interlocal agreement said the county can serve the clients within the city. Mrs. Haigh stated BHA may have the vouchers for Mason County residents, but there is no one designated from MCHA, to represent Mason County. Chair Wallace stated the BHA meetings are open to the public. Their meetings are set and posted on the BHA website. Ms. Newton stated there needs to be a partnership and they need to be able to participate in the conversation.

Ms. Sells noted that during the sequestration, HUD cut money for the voucher program. When the money came back the vouchers were still funded at the same amount, however the administration costs were reduced. Chair Wallace stated right now only 75% of the cost of administration of vouchers is received. There has been a committee that has been meeting for ten years that says 90% of what a HA does was not the intent of congress. They are asking for comments on the funding of the Section 8 program. They are coming down to say the HA will pay for 10% of what the local HA thinks should be done. The HA would need to ask for a waiver of the regulation or Public and Indian Housing (PIH). The answer from HUD could take up to 1.5 years. The HA would need to substantiate their financial condition. They would need to look at the financial requirements of which there are six items to qualify. Currently, the HA does not qualify.

It was stated there have been no new vouchers issued in 20 yrs., only special purpose vouchers. Presently, Mason County has 143 active Section 8 vouchers.

Ms. Haigh would like a motion to help develop the relationship with BHA to identify a person that is a representative to BHA and report back to the MCHA.

Ms. Sells will be turning in a report to the Mason County Commissioners.

5. **COMMISSIONER COMMENTS/REPORTS:** Ms. Haigh questioned what is appropriate, as a board member, to have conversations with tenants. Chair Wallace clarified that items should be brought to the board, or executive director and they would handle it. The Chair should be the voice of the board.
6. **FINANCIAL:**
 - 6.1 Approval of Claims Certification for **May 2015**
 - The Coves Apartments – \$24,690.34
 - Pine Garden Apartments - \$48,620.84
 - Kneeland Park Apartments - \$11,598.36

Chair Wallace called for motion to approve the Claims Certification for May 2015. Commissioner Haigh/Music moved and seconded motion. Chair Wallace called for question. None opposed. Motion carried.

Mr. Morrell stated the reason there are three bills for CenturyLink, they have 2 phone lines and one line for the internet. They are working on consolidating the three bills. Ms. Newton asked if it is possible to identify what the expenses were for added to this report, for example Christina McMelon for \$503. Mr. Morrell will check, it could be a refund of a security deposit. Victor Barrera, Nohemi Vazquez and Kevin Grimes are staff and they receive \$5 and \$10 cell phone reimbursements. Walker & Dunlop, LLC are mortgage holders and this reflects three months of mortgage payments due to a delay in funding from HUD.

- 6.2 **Income Statement Review** – Mr. Morrell noted the variance report takes anything that is a greater variance than \$300 is detailed on that report.
7. **MANAGEMENT:**
 - 7.1 **Routine Occupancy and Property Inspection Reports** for The Coves, Kneeland Park, and Pine Garden for the month of May 2015. This is noted on the variance reports.
 - 7.2 **Variance Reports – June 2015** – Mr. Morrell reviewed the variance reports for the properties.
 - 7.2.1 The Coves Apartments – Mr. Morrell stated the letter received previously from RD for units, mentioned by Mrs. Haigh, was dealt with in April. They have taken care of that and have retained the units. They received a new letter from RD with five items of which two of the items are resolved and the other items will be responded to by the deadline of July 25. The Board briefly reviewed the variance report. It has been two mos. and they still have not been able to fill the needs for subcontractor from the Olympia and Bremerton area. The Director of Maintenance is expanding their search to Portland and Seattle. This will incur an additional 1/3 more cost. Due to a tenant eviction in G4C, they incurred bad debt and had to write off the charges. They paid for training for maintenance. They had 2 units vacant with an application in process. The operating cash totals \$70,735. Once they get the curtain drains complete it will deplete the Replacement Reserves substantially. Reviewed the occupancy and vacancy trend. The

replacement reserve is substantial at this time. The current bad debt has approximately \$25,000 in subsidy that had not been applied. There was \$2,300 due to a resident being evicted. The remaining approx. \$800 is a resident on a repayment plan.

- 7.2.2 Kneeland Park Apartments -- They have a financial situation where the operating account is less than the payables. Unit A101 is going through remediation due to substantial mold. They are working on getting it put back together. They had four vacancies and now are down to three vacancies. The property insurance was miscoded and added back in. They have three units vacant, due to the carpet replacement and repairs in A101. Mr. Gordon questioned how often they have to replace carpet. Mr. Morrell replied they try to replace within 5 years. They prorate carpets at 7 years for most of their properties. They try to use high traffic residential grade carpet that will last. Mrs. Newton asked if they are required to use carpet. Habitat for Humanity has transitioned away from carpet for many reasons.
- 7.2.3 Pine Garden Apartments – Funds have been released by HUD. The water bill is trending upward and they are looking into the trend. Water/sewer they had insufficient information for the year overview. The maintenance payroll had overtime to reduce vacancy loss. They received a letter from USPS and have to replace mailboxes. Currently no vacant units. Operating reserves is looking good. They currently have -\$89.00 for accounts receivable. totaling

8. **DEVELOPMENT:** None
9. **UNFINISHED BUSINESS:** Chair Wallace reported on the status of the refinance plan. They have looked at all kinds of different refinancing schemes, which include \$30,000 - \$40,000 in up-front fees. Anchor Bank is currently handling Kneeland Park. They are looking at a possible package with Pine Garden and Kneeland Park, with some take out for improvements and upgrades. They are still in discussion. Kneeland Park is the property that needs short term financing to be able to get the accounts receivable down and to restore the property. By next meeting he hopes there will be information on what will happen.
10. **NEW BUSINESS**
- 10.1 Election of Chair tabled until next meeting.
11. **FUTURE MEETINGS:** Wednesday, August 5, 2015
12. **ADJOURNMENT:**
There being no further business, Chair Wallace called for motion to adjourn the meeting at 10:39 a.m. **Commissioner Monroe/Newton moved and seconded to approve motion. Chair Wallace called for question. None opposed. Motion carried.**

Executive Secretary

Chair

SEAL: