

**HOUSING COMMISSION OF ANNE ARUNDEL COUNTY  
BOARD MEETING MINUTES  
DECEMBER 17, 2018**

Present: Peter J. Ponne, Chair  
William Utz, Commissioner  
Sandra Ervin, Commissioner  
Danny Boyd, Commissioner  
Beryle Downs, Commissioner  
Carrie Blackburn Riley, Legal Counsel  
Clifton C. Martin, Chief Executive Officer  
Diane Haislip, Deputy Chief Executive Officer  
Dean Hadjis, Chief Financial Officer  
Michael Hale, Director of Modernization  
Gina Dyer, Director of Property Management  
Lanita Hillen, Director of Housing Services  
Christopher Ostovitz, Director of Information Technology  
Carole Ann Brazeal, Executive Administrative Assistant

Teleconference: None

Absent: Robert Bradshaw, Vice Chair  
Tanya Hill-Brown, Commissioner

Guest: None

Location: HCAAC, 7477 Baltimore-Annapolis Blvd, Third Floor, Glen Burnie, MD 21061

Meeting called to order at 11:00 a.m. by Chair Ponne.

#### **RESIDENTS & GUESTS**

Chairman Ponne noted no residents or guests in attendance. No topics were presented for discussion.

#### **MINUTES**

Chair Ponne opened the discussion of the November 2018 minutes. Chair Ponne asked if there were any questions. Chair Ponne asked for a motion to approve the minutes. Motion made by Commissioner Boyd, seconded by Commissioner Ervin and all in favor.

#### **BUSINESS AGENDA**

Chair Ponne moved on to the first item on the business agenda, approval of Resolution #659 - REAUTHORIZATION AND RESUBMISSION OF RENTAL ASSISTANCE DEMONSTRATION (RAD) OR SECTION 18/RAD PROGRAM APPLICATIONS.

Mr. Martin stated there has been a change to the agenda. Ms. Haislip shared at the last meeting the RAD portfolio for Freetown, Meade, Pinewood Village, Glen Square and Stony Hill receive CHAPS (letter from HUD to go ahead and do your conversions). The final four are getting close to closing their window. We received a letter from HUD to give back CHAPS and re-submit the application or they revoke CHAPS. We sent HUD the letter to give back CHAPS and re-submit the application to start the clock over again. Mr. Martin asked HUD if they would guarantee we will get CHAPS back. They said it should not be a problem but that they would not guarantee. The second piece is that we are looking at a different financing tool for Meade called the Section 18 RAD blend. RAD is a conversion of Public Housing to vouchers and it does not work for some properties. This new option came about because there were so many public housing communities that could not convert to RAD alone. HUD came out with a new way to use Section 18, which is through demo-disposition; we used it on Burwood. HUD will allow a blend of RAD and Section 18 demo-disposition. HUD said we can use Section 18 for 25% of units and RAD for 75% of units for each of the final four communities and it is far better based upon preliminary financials. Mr. Martin said it will bring more projected rental income to cover debt service. Section 18 units get tenant protection vouchers and can be set at payment standards for the county. RAD alone rents are lower, 25% of the units will get a higher rent using vouchers.

Mr. Martin said the Board would have to pass this resolution to authorize Mr. Martin to allow him to look at both RAD and Section 18 Blend. The Board passed a resolution before giving him the power to define the best financing packages that would work for the communities. Legal Counsel Riley reminded the Board that at the last meeting she had reminded them that as of the last meeting it was at least a year (and a half) ago and given the changing structure of the Board and how much time has passed, the Board may want to see if there are any time parameters on that resolution and conveyance of power. Commissioner Downs asked if when the Board did the resolution was it as knowledgeable as we are now. Legal Counsel Riley noted her recollection was that the resolution was specific to the two deals but broad enough that Mr. Martin could investigate other deals knowing that the agency was likely going to do more deals. Mr. Martin stated another resolution is important. The reason the first resolution was there is that if he does not have that ability every time we wanted to make even a financial change he would have to bring it back to the Board for consideration. Mr. Martin said we will start the work on the last 4 communities in late 2019 and they will probably start closing in 2020. Meade has to go first. Mr. Martin said this resolution will allow him to submit applications for either RAD or Section 18 RAD blend when we go through signing based upon whichever plans are best for us at that time. Chair Ponne asked for a motion to approve Resolution #659. Motion made by Commissioner Utz, seconded by Commissioner Downs and all in favor.

Chair Ponne moved on to the second item on the business agenda, Update on RAD Processes.

Mr. Martin stated Freetown Village is progressing, with more than 50% of the units now either under renovation or completed. The new construction has begun with

one new building under roof and the others coming quickly behind. We had a big event Friday evening with positive comments. Mr. Hale stated the completion date is scheduled for June 28, 2019.

Mr. Martin stated Meade Village must move forward and we will eliminate the reconfiguration of the 5 and 6 bedroom townhouses and find new accessible units and get new pricing from architects. We will forego the 9% LIHTC reservation with the State and now move to complete the RAD/Section 18 Blend Application. Commissioner Ervin said according to our waitlist we only have 2 people on waitlist for 5 and 6 bedroom apartments. Legal Counsel Riley asked if we made any progress on HUD agreeing to allow us to charge higher rents. Mr. Martin said they asked us to submit a formal letter with our financing plan.

Commissioner Ervin asked about the Meade school issue. Mr. Martin stated he started working on it again on Friday and met with the new County Executive and discussed the school issue. They agreed it is something we should start working on. Commissioner Downs asked Mr. Martin what he wants. Mr. Martin said right now we have scheduled 24 additional two and three bedrooms' units for families with children. The problem is the county will not let us move forward because Harmons Elementary is closed. Mr. Martin explained that the school board makes the decision so he approached Steve Schuh and some others to help him put some pressure on them but then Steve Schuh was not re-elected. Commissioner Downs asked where would they go to school. Mr. Martin said we are hoping Van Bokkelen, it is within walking distance. Commissioner Downs asked could we get special exception for how many students. Mr. Martin said that is what we are requesting for possibly 50 kids. Commissioner Boyd asked how many are they over at Harmons. Mr. Martin said it is at 105%. Mr. Martin said political power is on our side to redistrict or allow the exception but can the school board and county council do it timely. Commissioner Boyd suggested talking to Pam Bidle.

Commissioner Ervin asked how will it affect the budget with all this reconfiguration and Mr. Martin said every time it costs HCAAC more money. Legal counsel Riley asked if HCAAC is revising the budget or just going over budget. Mr. Martin stated at this point HCAAC has gone over the budget. Legal counsel Riley asked in total how many new units are projected for Freetown and Meade. Mr. Martin said 36 for Freetown and 24 for Meade. Mr. Martin said if we had to put in age restricted units there is always a need. Commissioner Boyd said if you went with age restricted you can always come back to it two or three years down the road.

Commissioner Downs asked where are we on the Safety and Security issue. Mr. Martin stated we started negotiating with a county company but they said no, they do not feel comfortable except at administrative offices. We put out an RFP and a committee scored companies so we began negotiations with another company. Mr. Martin said we are hoping to make a contract in January.

Chair Ponne moved on to the dashboard.

Commissioner Ervin stated when you look at Meade expenditures actually align to the budget, and asked if it was happening by journal entry. Mr. Martin

stated they were budget-neutral with no net profit or loss. Mr. Martin stated we are actually showing an overage in central office so put it back to make properties budget neutral. He explained that HCAAC was down if you count salaries and explained HCAAC has budgeted for security. Legal Counsel Riley noted last month NAP was at 98% of expenditures with \$345,000 year-to-date. One month later it's at \$291,000 and asked where did HCAAC recover \$60,000. Mr. Hadjis said an Insurance refund came in for the restaurant and that there is still another \$165,000 expected which will bring down the actual to 35%. Legal Counsel Riley stated last month the Housing Corporation budget was over budget and it is now at 60% expenses and still continues to be over budget. Legal Counsel Riley drew attention to Section 1 Financial reports and noted that at the last meeting she had asked regarding the newly funded Oakleaf Villa Reserves. She noted that HCAAC has 2 million in other but that 1 million of it is earmarked exclusively now for Oakleaf right. Mr. Martin said yes and stated this is the annual reserve for Oakleaf Villas for 2018. He explained that HCAAC has to keep an annual Reserve with Oakleaf and there is also an investment Reserve, which is 1.5 million. Legal Counsel Riley suggest HCAAC make a separate line item for Oakleaf delineating what reserve is its exclusively. Mr. Martin agreed.

Chair Ponne asked if HCAAC had any discussion with DHCD regarding the Oakleaf reserve. Mr. Martin said he had them here for another meeting so he brought up the issue and they were shocked that there was that much money in the reserve account for one of their properties and that they said that was highly unusual and they did not know it. Legal Counsel Riley asked if Mr. Martin asked them why and if he asked them about the history that HCAAC had not been funding it at all and now it was and did they say you never needed to fund it. Mr. Martin said no and they said we were one of the earliest regulatory agreements, which they do not even use anymore and that we should have some discussion to see how we can offset some of that money. Mr. Martin said he will contact DHCD after the first of the year about it. Chair Ponne clarified we are talking about CDA which is part of DHCD. Legal Counsel Riley asked if we were going to discuss the buyout option as well as restricting it or one or the other and Mr. Martin stated he hoped to have Legal Counsel Riley in that session. She asked Mr. Martin if he ever talked to someone at Shelter to see how they did their buyout. Mr. Martin said he had not.

Mr. Martin noticed in the last meeting minutes there was some discussion about Whitaker Homes about some of the money that was still owed to us. We have gotten some of those back. He explained the issue with Whitaker Homes is that at some point in time some of the construction expenses were showing up here and they should not. It is an entirely separate budget from Whitaker Homes. Whittaker Homes itself is not responsible for the construction loan. This is Whitaker Homes operating budget so Mr. Hadjis and Mr. Martin reviewed and there should not be construction and renovation expenses in the operating budget, it is a completely separate entity. So this report is the operating budget, we have made it reflect what is rent and its ongoing annual expenses. Mr. Martin stated as Ms. Hopkins said earlier when you convert over from Public Housing to Section 8 then you will get the Section 8 monies so they are owed to HCAAC. So the \$336,000 of Section 8 money is owed to HCAAC and once we complete the conversion we have to report back to HUD to report the money they owe HCAAC. Legal Counsel Riley said that she was just asking about the set off against the expenses and that happened also to Heritage and Whitaker line items.

When you compare November to December reports, November was higher December was smaller as you had a credit to expenses. Mr. Hadjis stated with Whitaker some of the RAD expenses were not included. Mr. Hadjis said HCAAC was not including the subsidy in

there since Whitaker converted so those revenues post to subsidies on a monthly basis will go up and HCAAC is also due about five or six months' worth of Section 8 monies because of the timing. Legal Counsel Riley said when that subsidy comes in it will go in as a revenue not as a set off against expenses. Mr. Hadjis said yes.

Mr. Martin stated Commissioner Ervin asked a question about the Public Housing Reserves, the 1 million drop for RAD expenses out of the top line so when Freetown gets its money back it can go back in the public housing reserves but it cannot because it is no longer Public Housing so that is why it is going to Whitaker Reserves. For Meade, the money looks like it is gone but it is moving to different places.

Mr. Martin said as 2019 comes in and we finish Freetown Village, we will get 2 pretty big developer fee payments one probably in June and one 3 months later. They will be pretty substantial, well over a million dollars. Legal Counsel Riley asked if when Staff does a separate Reserve item in the reports for the Oakleaf 1.5 million, can it do a separate reserve line for Whitaker and for whatever else HCAAC is doing that explains where the money went. Legal Counsel Riley commented regarding the 2 developer fees that HCAAC already knows what it wants to do with those developer fees to offset future conversion cost and other properties. Mr. Martin said yes, some of it.

Mr. Martin said under Capital Fund 2018 we got a real bump from 1.1 million to 1.8 million. Unfortunately, HUD would not allow us to draw or use additional funds because HCAAC had submitted budget for 1.1 million and now must submit updated budget for 1.8 million on project charts. Mr. Martin explained that staff had to redo all the submissions in two different systems and send them back to HUD for approval. HUD has approved and now HCAAC can use the funds.

Legal Counsel Riley said going back to the voucher program section 9 last month's board report, in November HCAAC had about 1.8 million in HAP proceeds and about 1.8 million funds expended and now it is way off and asked what happened. Mr. Martin said HUD holds reserves and HCAAC has reserves that it holds and every so often HCAAC will see a short payment and HUD will explain it required HCAAC to use some of its held reserves or HCAAC can use some of the reserves it is holding. Mr. Martin said we got 1.1 million because HCAAC had some HAP reserves. HCAAC usually gets about 1.62 million and it has increased to 1.792 million because Freetown is now in the voucher program. In November HCAAC was expecting 1.6 million and but it only got \$877,000. Mr. Martin explained staff were very disappointed and shocked. Legal Counsel Riley asked that if HCAAC had the money so it could pay bills and if in that case if she goes back to the reserves chart will it show there. Mr. Martin said that's a good question because we did not think we had any real reserves to offer so we might want to look at this number. Ms. Hopkins added her and Mr. Hadjis spoke with Doreen from HUD last week and HCAAC has approximately 1.6 million in reserves. They did an assessment in June of what we had and that is why HCAAC's payments are staying steady and they did another one in September and that is when they dropped HCAAC's November payment. She explained HCAAC will find out when it has a call with them. Legal Counsel Riley said by saying they claim it is 1.6 million and you claim HCAAC is running at negative \$500,000, how did you write landlord checks if they shorted you \$800,000. Mr. Martin stated he does not think the number is right and landlord payments were made as usual.

Legal Counsel Riley noted on the Staffing section 11 HCAAC needs to redo your retention rate. Mr. Martin said staff would look at that. Legal Counsel Riley added also in the detailed version of that she was getting hung up on our average length of service and it should decrease as well due to change over and short retention of some employees. Mr. Martin indicated that there are many employees with long tenure that sustain the average but would look at that also.

Legal Counsel Riley asked if HCAAC had a projected date for the new HR plan. Mr. Martin stated he is looking at the suggested edits now. He stated the recommendations from the HR company is quite substantial. They love our handbook.

Legal Counsel Riley had questions about the risk management litigation report. She stated the Heritage Crest resident referenced is not just a discrimination case but he also alleges violations of his Second Amendment right, which is the right to bear arms, and he alleges some other interesting claims. She added HCAAC also had an escrow action and does not know where HCAAC should list escrow actions in the report. Mr. Martin said we can add them. Commissioner Boyd asked if he heard her correctly, is the resident claiming a violation of Second Amendment? Legal Counsel Riley said she can discuss it in the open meeting because the complaint is public record and in his complaint he alleges sexual harassment, violation of his human and world rights probably because he is a trump supporter and his second amendment rights but cites no facts to support it. Legal Counsel Riley stated our insurance carrier is covering it.

Legal Counsel Riley asked if on the Southwest bill line item for \$15,000 Whittaker Homes Hospitality, would that go under a RAD cost. Mr. Martin stated yes it should go there. Mr. Martin added the overnight stays in hotels cannot be included in the construction budget, it is coming out of the operating budget. Mr. Martin said the line item for relocation may not be exceeded yet and CDA was clear with these hotels stays before water mitigation that we cannot include them in that line item in the budget and HCAAC has to pay for it out of pocket. Legal Counsel Riley said back to her original question on the Southwest Bill where it says Whittaker homes Hospitality Suites, it needs to be relabeled to Hotel Stays as it is clearly not an allowed RAD expenditure. Mr. Hadjis made a notation to fix it to Hotel Rooms from Hospitality Suite. Legal Counsel Riley stated on the next page of the report, which shows RAD related cost, she understands that the report is the way for this Board to track how much this RAD conversion is costing and if it is not included in the RAD cost even though it's a non-reimbursable cost, is still a cost. She said that begs the question how many other costs are not listed on the report that are RAD related. Mr. Martin said he and Mr. Hadjis will do an accounting of all the RAD expenses to see if there is anything that is missing. Mr. Martin stated initially the chart was for upfront expenses that we were not being reimbursed for. Legal Counsel Riley added her reason was that Freetown and Meade are winding down a bit but Pinewood and the others have not even started yet so at some point the amount of that far left column is going to have expenses that are 5, 6, or 7 years earlier in time that will not make sense.

She said you might need to do it per site and you might need to have a list of upfront cost and paid cost that HCAAC may not get back just so the Board can look at the bottom line and say determine much does each project actually cost. She noted that right now there is no way to evaluate whether the project was a success. Mr. Hale added to keep in mind on the next projects we will reduce the cost, we will have less Consultants

because it will be considered renovations.

Commissioner Boyd asked if the \$144,000 paid to inspections and permits, are they impact and permit fees. Mr. Martin said yes. Mr. Martin said it is on his agenda for the next council meeting to try to waive those fees. Commissioner Downs asked what other public Housing Authority pay. Commissioner Boyd said we might want to approach the new County Executive. Mr. Martin said they have a transition team and that he has a list of things to discuss with them.

Commissioner Downs raised her monthly concern about the Boys & Girls Clubs and the number of kids in the community using it and also the daycare. Mr. Martin said something does not make sense with the numbers and staff are going to question the numbers that come from the Y. Commissioner Downs also asked is the Workforce Development on our sites sharing information with us. Mr. Martin stated HCAAC gets a quarterly report. Commissioner Downs stated she would like to know the traffic. Ms. Haislip added that they had received an email from the Y saying the October numbers reported were incorrect. The report has been updated to reflect the correction.

Commissioner Ervin asked if Mr. Martin thinks the County Executive will give additional money for the FSS program and will it continue. Mr. Martin said it is on our list of things to discuss.

Commissioner Downs asked what is the law or regulation that makes the Constitution to support the Board. Mr. Martin said it's an annotated code of the State Code Title 12 under Housing and Community Development and there is a section specifically for Housing. Commissioner Downs said we should look at that because she is told if it speaks specifically to the number of terms that is what they will have to hold the Board to. Mr. Martin says the new law says that the seven Commissioners terms are coterminous with the County Executive's so technically the new County Executive is supposed to appoint the board.

Chair Ponne said if there is no other business we will adjourn the regular meeting, Chair Ponne asked for a motion. Commissioner Downs made the motion, seconded by Commissioner Utz and the regular meeting was adjourned at 12:36 pm and a closed meeting followed.

The HCAAC Closed Meeting began at 12:35 pm in the HCAAC NAP Conference Room, 7477 Baltimore-Annapolis Blvd., Glen Burnie, MD 21061. Legal Counsel Riley acted as the presiding officer and completed the "Closing Statement" (General Provisions Article § 3-305) for closing the open session. Attendees included Pete Ponne, Chair, William Utz, Commissioner, Sandra Ervin, Commissioner, Danny Boyd, Commissioner, Beryle Downs, Commissioner, and Carrie Blackburn Riley, Legal Counsel. The meeting was held to discuss the 2018 Annual Review and 2019 compensation for the Chief Executive Officer of the Housing Commission of Anne Arundel County. Commissioner Utz moved to go back into open session. Commissioner Boyd seconded the motion and the Board returned to the open session at 1:30 pm. Commissioner Downs moved to adjourn the open regular meeting session at 1:30 pm.