

**HOUSING COMMISSION OF ANNE ARUNDEL COUNTY
BOARD MEETING MINUTES
JUNE 18, 2018**

Present: Robert Bradshaw, Vice Chair
William Utz, Commissioner
Sandra Ervin, Commissioner
Danny Boyd, Commissioner
Tanya Hill-Brown, Commissioner
Beryle Downs, Commissioner
Carrie Blackburn Riley, Legal Counsel
Clifton C. Martin, Chief Executive Officer
Diane Haislip, Deputy Chief Executive Officer
Michael Hale, Director of Modernization
Gina Dyer, Director of Property Management
Anupama Francis, Director of Finance
Christopher Ostovitz, Director of Information Technology
Lanita Hillen, Director of Housing Services
Alicia Seelagan, Accountant
Carole Ann Brazeal, Executive Administrative Assistant

Teleconference: Peter J. Ponne, Chair

Absent:

Guest: Kecha Royal, Resident, Freetown Village
Brenda McChriston, Spectrum HR Services

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 introduced a resident in attendance, Kecha Royal, resident of Freetown Village and Brenda McChriston, of Spectrum HR Solutions. Mr. Martin added Ms. McChriston will be auditing our Human Resource policies and procedures and serving as our HR service. No topics were presented for discussion.

MINUTES

Chair Ponne opened the discussion of the April 2018 minutes.

Chair Ponne asked if there were any questions concerning the minutes from the April 2018 meeting. None presented.

Chair Ponne asked for a motion to approve the minutes. Motion made by Commissioner Ervin, seconded by Commissioner Boyd and all in favor.

BUSINESS AGENDA

Chair Ponne moved on to the first item on the business agenda, **Fiscal Year 2019 Agency Comprehensive Budget**

Chair Ponne introduced Ms. Anu Francis, Director of Finance, to begin presenting the FY 2019 Budget for all properties, programs, grants, funds and projects. A copy of the budget was sent by FedEx to Commissioners in advance for review. Ms. Francis explained:

Asset Management in 2018

- HCAAC fiscal year 2018 funding is projected to be 3.61% higher when compared to 2017 actuals and 0.53% more than applied project eligibility.
- We continued to monitor all expenses and primarily focused on making sure all expenses are in line with budgets.

- Non-routine expenditures related to blanket contracts like Carpet Village, Lowes, Home Depot etc. and property enhancements and maintenance were well monitored and kept at lower thresholds this year.
- In spite of squeezing \$1.78 million from the operating budget to pay for the RAD upfront contract costs, all obligations were made in timely manner.
- Cash Management was the greatest challenge we encountered this year.
- We concentrated on quality control through internal file audits and reviewing contracting policies & procedures over and over again while ensuring they agree with HUD compliance.
- Freetown Village Settlement on May 31, 2018 brought relief from some of the financial stress Asset Management has faced over the past two years.

HUD Updates on Financial facts for 2018

- President's 2018 Budget requests \$40.7 billion in gross discretionary funding for HUD, which is a \$6.2 billion or 13.2 percent decrease from the 2017 annualized CR level.
- \$35 billion out of which is for HUD's rental assistance programs and proposed reforms that reduce costs while continuing to assist 4.5 million low-income households.
- The Administration continues to advocate in removing the statutory limit on the number of public housing units that can participate in HUD's *Rental Assistance Demonstration Program (RAD)*. Currently, it's capped at 225,000 public housing units. We are fortunate to be part of the first 225,000 slot taking advantage of this program.
- For CY 2018 funding, HUD used conservative approach and based it upon our 2018 Operating subsidy submissions.
- Asset repositioning fee funding eligibility is kept at 50% consistent with 2018 based on pre-populated unit status data in PIC. It has a 3-year eligibility term.

HCAAC Financial facts for fiscal year 2019

- We all know, HCAAC fiscal year is July 1 through June 30 and HUD funds us on a calendar year basis for both Public Housing and Housing Choice Vouchers. This makes it extremely difficult for Finance to budget each year.
- Due to delays in releasing funding formula, HCAAC developed 2018 budget using the HUD suggested project-based methodology.
- Income on Dwelling Rental was calculated based on the 3-year average rent rolls.
- Some of the Administrative expenses like telephone, software and consulting are developed using the HUD suggested project-based three year rolling base methodology.
- Freetown Village's conversion is effective 07.01.2018. Finance budgeted only \$150K in 2019 towards RAD predevelopment costs for Meade village, which left Public Housing programs to break-even in 2019.
- HUD appropriations for HCV program are currently funded @ 99.75% as oppose to 97% in 2017.
- HUD subsidies for Public Housing are projected to be funded @ 96.71% of the total, same as Fiscal Year 2018.
- Administrative and Maintenance Salaries were projected with 3% cost of living increase for all staff effective 07.01.2018 and \$100 per employee towards uniform allowance.
- Salaries of staff were prorated into various programs, including Public Housing sites, Section 8 Housing, Capital Funds, Oakleaf, Pumphrey and other relevant programs based upon their assignments.
- Utilities have been budgeted based on current and historical expenditures on 3 year rolling base average.
- Insurance Expenses (part of General Expenses) are projected on the prepaid amortization expected for upcoming fiscal year.
- \$800K Developer Fee earned is based on LPA agreement under Housing Enterprise of Anne Arundel County, affiliate of HCAAC, from under which we play the role of a Developer for the converted communities at Freetown and Meade Villages.
- Projections also includes income and expenses for other partnership entities, Heritage Overlook, Heritage Crest and Whitaker Homes LP. These are discretely presented component units on the Commission's financial statements

HCV Financial Facts for CY 2018 & 2019

- The Housing Choice voucher budget consists of total baseline of 2011 vouchers which includes VASH. We have 100 Mainstream vouchers under separate Annual Commitment Contract.
- 2017 funding supported 1700 vouchers and 2018 funding can support up to 1746 vouchers even though our baseline is 2011 Vouchers.
- In 2018, the Housing Choice Voucher program is projected to be funded at 99.75% of actual eligibility and is predicted to retain a healthy HUD held HAP reserves.
- As per HUD's two year forecast tool, 1886 vouchers should be leased by the end of 2018 to reach 97.8% expense ratio for SEMAP.
- 2019 projections for HCV program, illustrated on the next slide, are based on 3 year rolling base average, which leaves \$ 2.2 million in reserves.

- \$919,391 is HAP and \$1,314,643 for Admin reserves.
- What it means to us is that in the next 6 months, 230 units have to be leased to achieve an optimum success ratio.

HCAAC Financial facts for fiscal year 2019

New programs this year included:

- Pinewood Village CIF grant \$ \$673,144
- Capital Funds 2018- \$ 1,845,801 – Received additional \$500K funding based on high performance merit on 2017 audit.
- Northwestern Investment Trust - \$1,708,770.90
- Whitaker Homes LP – Newly formed business with a \$21 million construction in progress and \$1.8 million operating budget.
- HCAAC Whitaker Homes LLC – General Partner of Whitaker Homes LP, an affiliate of HCAAC.
- Heritage Overlook LLC – Phase 2 of Burwood Gardens a 100-unit portfolio.
- Housing Enterprise of AA county – Newly formed affiliate with limited activity.
- With the addition of the above programs, the Finance staff is responsible for 45+ various general ledger funds – most with unique budgeting and reporting requirements.
- Ms. Francis addressed questions from the Commissioners and Counsel throughout her presentation.

BUDGET REVIEW AND APPROVAL - RESOLUTION #654

Mr. Martin raised the issue of increasing the security line items at certain communities due to ongoing concerns. There was discussion about how this might be accomplished and the details. Mr. Martin offered that he is still analyzing the best scenarios and hopes to have a plan later this summer. Commissioner Downs stated that this is a major concern in today's environment and inquired as to whether the Board could be involved. Commissioner Hill-Brown offered that she has concerns about the roles and plans at Meade Village. Chair Ponne appointed Commissioner's Downs, Hill-Brown, and Boyd to meet with staff to discuss further.

The Board of Commissioners approved the Operating Budget for Fiscal Year Ending June 30, 2019, with the ability to amend the budget to address security issues.. Chairman Ponne asked for a motion to accept the budget as presented. Vice Chair Bradshaw made the motion, Commissioner Hill-Brown seconded 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 closed on May 31. Site work begins on June 25!! We will update you periodically as the community changes and evolves. Mr. Hale stated we will have a sample unit completed at Freetown. Vice Chair Bradshaw asked if we are still considering a name change. Mr. Martin said we have been in discussions and are pursuing names that have meaning to the area such as Waterford at Freetown or Heritage at Freetown.
- Mr. Martin stated Meade Village is moving into the next stage for closing. We have run into a few small issues with this project that seem to be fixable. However, our newest serious issue involves a closed elementary school that has stopped Planning and Zoning in their tracks. Basically, they cannot approve any new units due to the school being closed and nowhere for the children to attend school. We are arguing that Van Bokkelen is adjacent to the community and OPEN (our children go to Harmans); so the children can attend that school instead. More news later.
- Mr. Martin stated preliminary work continues on the remaining 4 communities with environmental reviews and title work being reviewed at this time. Plans are to convert to Project Based Rental Assistance on January 1, 2019, financing plans during 2019 and renovation in 2020.

Chair Ponne moved on to the third item on the business agenda, Chief Executive Officer Report.

- The Human Resources firm, Spectrum HR Solutions, began services on June 1. We are excited for this new partnership and believe it will be of great value to all employees.

Chair Ponne moved on to the Dashboard.

- Legal Counsel Riley noted page 9, that there is one new claim noted and what that might be? Ms. Haislip offered that it was a potential claim on lien for Harkins via Pennrose. Ms. Haislip said Penrose stated that it was resolved.
- Legal Counsel Riley noted change in the waitlist numbers. Ms. Haislip said we leased up Heritage Overlook causing a drop in the total number on the list.
- Mr. Martin said we will finish the year in a strong financial position; much better than years passed.

Mr. Martin reminded everyone if anyone wants to attend any conferences to let staff know:

- NAHRO Summer National Conference will be held in San Francisco July 23 to 27, 2018.
- National NAHRO Conference will be in Atlanta in the Fall.

Chair Ponne said if there is no other business we will adjourn the regular meeting, Chair Ponne asked for a motion, Commissioner Utz made the motion, and the regular meeting was adjourned at 12:50 pm.