Missoula Housing Authority Board
Regular Board Meeting
Wednesday, July 17, 2019

-MINUTES-

Members Present: Jamie Hoffmann, Collin Bangs, Monique Casbeer, Jack Richards, Mary Jane Nealon, Kila Shields

Members Absent: Kaia Peterson

Staff Present: Lori Davidson, Mary Melton, Debbie Hibbitts, Jim McGrath, Sam Oliver, Adam Ragsdale

Guests Present: Ryan Sudbury

I. Call to Order: The meeting was called to order at 5:38pm.

II. Attendance: See above

III. Approval of Minutes: Regular Board Meeting, June 26, 2019

1st: Casbeer
2nd: Richards
None opposed, motion passes.

IV. Commissioner Comments/Conflict of Interest Disclosure:

Hoffmann: We haven’t evaluated our Executive Director for a long time. Could our HR person please email me the process?

Ragsdale: Yes I can email you the information I have.

V. Public Comments on items not on the Agenda:

None

VI. Public Meeting for the Five-Year Plan and Annual Plan:

Davidson: At last month’s meeting we had a similar item on the agenda for the five year plan and realized we left off the annual plan which is submitted at the same time, so we delayed those. The Resident Advisory Board reviewed the plans and submitted a few comments. The plans were available for public comment. There isn’t anything in these plans that we haven’t already discussed in other board meetings.
VII. Action Items:
   a. Resolution #1093: Approval Submittal of the Five-Year Plan (held from last month)

      1st: Casbeer  
      2nd: Shields  
      None opposed, motion passes.

   b. Resolution #1096: Approval Submittal of the Annual Plan

      1st: Casbeer  
      2nd: Richards  
      None opposed, motion passes.

   c. Resolution #1097: Approval FY2019 Budget Revision

      Davidson: If you have any questions or would like additional time to look it over, we can delay this resolution to next month. Next month you’ll get a new FY2020 budget also.

      Bangs: Are there very many changes from last month?

      Hibbitts: The significant changes from last month are I now know the prorated amounts coming from HUD for Public Housing through the end of September 2019. We made sure that all of the expenses are actual expenses through the month of June. So we estimate what the expenses for the last 3 months of the fiscal year will be based on the historical expenses from the last 9 months.

      Davidson: If you look at the Silvertip Public Housing rental subsidies, that is the amount of rent we collect from HUD for those 20 public housing units. If you look at the loss or gain to lease, that’s the amount we hope will be equal to or more than the rental subsidy. This year we are estimating the loss at $20,000 because we won’t receive any subsidy from HUD for 4 months. This is another reason we want to convert because we can’t predict what we’re going to get from HUD, sometimes not until the year is done. The other thing I’ll point out is in the Development column where you have the $650,000 as other income, that’s the Rattlesnake property sale. It’s my estimate of what I think we’ll net on the sale. It should be closing in the next 30-45 days. We’re past the due diligence period and all the contingencies have been released. The final sale price is $695,000. The realtor gets a 4% fee and I didn’t know what the other closing fees would be, so I set that number at $650,000.

      1st: Nealon  
      2nd: Casbeer  
      None opposed, motion passes.
VIII. Staff Reports:
   a. Villagio

   Davidson: The bid date was pushed back to September 10. That was partly a response from some of the bidders who asked for more time. There are a dozen people looking at it. Some of them are suppliers of the CLT, but several of them are general contractors. The first addendum is going out on Friday which has clarifications on the amount of liquated damages and change in the bid date. They are not getting a lot of feedback on the plans themselves, which means the architects are doing a good job. I did hear recently that bids for another large project in town came in on budget, which is good news for us for our projects. There are still a lot of details we are working out. The North Western Energy power line is turning out to be an issue as far as deciding where to move that line to. It will be a MRA ask. All of the lender applications have been made.

   b. RAD update/Voluntary Conversion

   Davidson: We have had almost all of our questions answered, but there are still a couple things hanging out there. HUD has scheduled another meeting with us for tomorrow morning to give us some additional information. We’re working through the environmental review process with the city.

   Nealon: In initial conversations, are people happy about it?

   McGrath: Yes, as soon as we tell them they don’t have to move and they get a voucher, they are happy about it.

   Davidson: We haven’t had anyone put their foot down and say we should stay Public Housing. We will continue to own the units as MHA, rather than creating a LLC like we originally thought. We will create a LCC property management company whose purpose is to receive the voucher payments and pass them through to the properties. This is to meet the HUD requirement that MHA can’t write voucher payments to itself.

   Bangs: The one change I see is the way we do maintenance. Since we won’t receive the big chunk of monies from HUD for maintenance, rather than doing large maintenance projects at once, we’ll start doing maintenance along the way.

   Davidson: That is exactly right and that’s why we’re spending down as much money as we can in this interim period to make major improvements. Our properties are in great condition, but there are some things we’d like to get done, like siding and windows on the north side properties. We’re continuing to do a lot of interior renovations. We’re trying to think of anything we need to do to get these properties in the best condition they can be and to spend down the funds. We will have replacement reserves we’ll set aside every year. I have in the proforma $1000 per unit per year to be set aside in the replacement reserve. But it
will take time to build up the replacement reserve, which is why we’re trying to get done as much as we can now.

Davidson: We would love to convert by the end of the year, but it will probably not be until spring because we want to spend a bunch of money.

Casbeer: Don’t you have to have a lot of tenant meetings?

Davidson: We’ve already had three meetings. And there will be more. We have to meet with the tenants to requalify their income and possibly issue the voucher.

Casbeer: Are those individual meetings to requalify their income?

McGrath: To requalify their income, we do it through the mail. We do have to meet with each tenant individually to explain the difference between the different voucher choices they will have and then eventually we’ll meet with them again to either issue a voucher or lease them up. Most of those meetings will take place as group meetings, with possible individual break-outs.

c. Parkside and Russell Square loan conversions

Davidson: We are moving forward with the U.S. Bank loan for Russell Square, rather than the HUD loan. We had Kaia do an analysis and Collin looked at it as well. U.S. Bank is giving us a very favorable interest rate. It’s only a 7 year loan, but U.S. Bank has stated they’d be willing to refinance at that time. The upfront costs are much lower and we don’t have all the restrictions that come with the HUD loan. U.S. Bank has ordered the appraisal and the appraiser has been here. We should hear back on that appraisal within 2-3 weeks and move forward with the refinance. I have the HUD loan for Parkside on hold because we’re exploring other options there. I have asked 3 other banks to give us a quote on a private loan. I heard back from one bank and they said it’s a tough one and they may not be able to give us the money needed upfront for repairs. I haven’t heard back from the other 2 banks yet. Parkside has higher capital needs and doesn’t generate as much income, so a HUD loan may still be the best option there. The Parkside loan is still good for another 20 years, so there’s no rush. It’s a HUD insured loan which comes through the Montana Board of Housing and is at a good interest rate. With that loan, we can’t bring in additional money by adding another loan though. We’d love to put new windows in at Parkside and get some energy efficiency. The roofs were just replaced in the last 2 years. We anticipate the boilers will start to break down because they are 40 years old. We still have about $300,000 in reserves, but that’s not going to be enough to cover all these items. In the last rehab 15 years ago they put some great stuff on the outside which is lasting a long time, so the exterior is in good shape. There are some issues with the stairs that we need to address.

Bangs: How much do we still owe on Parkside?
Davidson: About $2.4 million. And we want to add about $750,000 to $900,000 to that. We are slowly raising the rent at Parkside which we have to do to keep the property in good condition. When we took over the property, the rents hadn’t been raised in about a decade.

d. Cornerstone update

Davidson: It is moving forward the bid which is still scheduled for August 22. HUD requires that we do a full-blown environmental review which means we’ll have to hire an engineer and work closely with the architect. The state had previously told us we didn’t have to do this, but upon further research, we do. So we’ll be busy doing that. Otherwise, it’s on schedule and moving forward.

e. Permanent Supportive Housing update

Davidson: We had a meeting with the County Commissioners on July 11. There was a lot of discussion about the process. A former County Commissioner, Jean Curtis, was there and asked that the County do more with the public process because there was a lot of public process about the purchase of the land originally with the bond. The Commissioners were more than happy to do that. They’ve asked us to put together a presentation for August 22. It will describe the project more fully for the public. They are taking public comment through their meeting in September – I forget the exact date. We’re meeting with the Sheriff tomorrow. We are talking to the Jail Diversion Team. We want to bring up the points in the public meeting that part of the purpose of this project is jail diversion and we’re working closely with the Sheriff to have a drop-off center where police can bring people rather than bringing them to jail. And of course the general need for affordable housing and that we’ll have permanent housing for people who may be able to move out of the navigation center into permanent supportive housing. This is what we used to call Shelter Plus Care dbut is now called Continuum of Care vouchers. It’s targeted toward homeless people with disabilities. We’ll go through the rest of this public process with the Commissioners. There could be some public opposition, but hopefully our presentation will address that opposition. The original purpose of the land 20 years ago was for expansion of the jail and there are some people who think the county should keep the land for jail expansion or other county office purposes, rather than giving it away, even for affordable housing. We won’t be using the entire lot. The entire parcel is 6 acres and there will be about 2 acres we won’t use and the county will retain.

IX. Old Business:
   a. Revised Budget

   Davidson: We addressed already in Action Items.

X. New Business:
Davidson: Missoula Federal Credit Union is undergoing rebranding and will become Clearwater Credit Union. They have approached the Missoula Home Coalition and would like to do a fundraiser. They'd like to work with Imagination Brewery on brewing a special beer for the Credit Union which would have all the entities that are involved on the can, and the money would go to the Missoula Home Coalition. We have not yet determined how we would spend the money because the Coalition is still pretty informal. Where I see the Coalition going is supporting or giving input to the City on how the Housing Policy will be implemented. In the past we've been careful with associating ourselves with things that produce or sell alcohol. If we leave our name off the can, it won't stop it from moving forward. If we have our name on the can, it will get us some more recognition. My question to the board is how do you feel about this?

Nealon: I feel that Imagination Brewery has set itself apart in this town as being tied to health and prevention issues. I think they've done a lot of great work in aligning themselves with progressive things that generate health and stability for people.

Davidson: The Credit Union has done that as well. Part of their rebranding is to become more involved in community issues that matter.

Board consensus Yes.

I. Adjournment: The regular meeting was adjourned at 6:41 pm.

Jamie Hoffmann, Board Chair

Lori Davidson, Executive Director