MINUTES OF THE NOVEMBER 19, 2009
BOARD OF COMMISSIONERS
REGULAR MEETING

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BY

COMMISSIONERS PRESENT:
Domenico Chieffalo
Mary Teicholz
Jim Zeh
Raymond Yamin
Stanley Watkins

ATTENDEES:
Carolyn Sistrunk
Colleen Madson
Rose Morrison
Jacqueline Elam
Richard Knapp
Jessie Marengo
Ella M Fraser
Everette Spencer
Kevin Barry
Kim Nolan

CALL TO ORDER
The Regular Board of Commissioners Meeting for the Housing Authority of the City of Danbury was called to order at 5:35 pm. at HACD Main Office, 2 Mill Ridge Road, Danbury, Connecticut. Upon motion by Stan Watkins and second by Mary Teicholz the meeting was called to order.

PUBLIC COMMENTS: I'm Rose Morrison I live at Crosby Manor. I don't know if you saw last week on the news about the fire in Bridgeport. I want to know if all the sites here in Danbury have two exits. Ms. Sistrunk stated that we just covered this in our staff meeting this week. Kevin Barry also answered that no they don't, but all our properties meet fire code. Some of them are impossible to have two exits for example, our high rises. There is no way to go up seven floors to have a back exit. As a result of the Bridgeport accident, we are going to be doing some fire training. There was one major program that was supposed to happen at Wooster Manor this fall with the cooperation of the Danbury Fire Department, we were going to have a

major mock fire drill which would have involved mutual aid from Ridgefield, Bethel etc. but because of the construction it will probably be done this spring.

Carolyn Sistrunk also wanted to just say welcome back to Commissioner Yamin.

RESIDENT COUNCIL REPORT

Ella Fraser, Resident Council President, we have all the properties covered for now. We are getting ready for our annual meeting. We have had a few bumps along the way. The Board Chairman asks if the volunteer has been productive and helping to structurally govern and are happy with that. Ella Fraser answers yes.

APPROVAL OF MINUTES

Upon motion by Jim Zeh and second by Mary Teicholz the minutes of the October 15, 2009 regular meeting were approved.

At this time the Board Chairman announces that there will be a brief recess to go into Executive Session. Upon motion by Stan Watkins and second by Mary Teicholz the motion to break into Executive Session was approved.

Upon motion by Mary Teicholz and second by Ray Yamin the motion to come back into the regular meeting was approved.

The Board Chairman stated that for the record the purpose of the Executive Session was to discuss the contract terms of our Executive Director.

DEPARTMENTAL HIGHLIGHTS

Deborah Gottschalk is absent and Carolyn is going to take her spot to talk about a major item on the agenda tonight which is the application to federalize the State Public Housing at Glen and Crosby Manor. I have a couple of handouts and a cheat sheet. What you have in front of you is a formal letter we sent to the Mayor of the City of Danbury regarding our intention to federalize Glen and Crosby Manor. What does that mean? Right now they are State Public Housing units that have a base rent structure. For example: for an efficiency it is $310, for a one bedroom unit it is $325. Under the Federal program we are asking HUD to assume control and responsibility and funding obligations to those State units. How do we get this thing to happen? We have been talking in isolation about the idea of getting the Department of Housing and Urban Development to Federalize the State units, but we never thought we get a chance to do it this quickly. We got a note from the State of Connecticut on October 21st that the State of Massachusetts and their Attorney General found a loop hole in the Federal Stimulus money that was distributed to us in March. That loop hole allows Public Housing Authorities to use part of their stimulus money as seed to prepare State units and have the Department of Housing and Urban Development put those State units under contract. What does that mean? That means that unlike the State of Connecticut might pay us $58 per unit we get on average $199 per unit in operating subsidy from the Federal government. Secondly we get no capital dollars from the State of Connecticut for the

State units. From the Department of Housing and Urban Development we get about $500,000 a year. What we are asking for HUD to do with the application that we will submit on Monday the 23rd, we got notice on October 21 and it is due on November 23. HUD has been kicking and screaming all the way, but we decided to jump through every hoop we could because it is a great opportunity. The properties as they stand now consist of 150 units. The average income for both properties is about $605,000 a year. That is the only income that comes to those properties. The utilities alone last year were $305,000. There is not much money left after you take out the utility payment, and another $46,000 in mortgages on both properties, although there is $800,000 mortgage overall for both properties. There is a payment in lieu of taxes to the City of about $26,000-$30,000 a year. By the time you are done there is a little over a $100,000 to run a property, manage the property and provide services there. Then you consider the age of the property, 1960 early, they have window issues, ADA 504 upgrades, roofing issues still on 10 of the buildings at Glen Apartments. We thought federalization was a way to save the properties. It was a way to carve out a stable operating subsidy structure, a stable capital structure, a stable base rent structure so our seniors aren't paying base rent which is a minimum of $310 for an efficiency and they keep more of their money in this economy. And we have additional opportunities to apply for Federal grants because we don't have those opportunities now because they are State programs. We have met with Mayor Boughton and he has signed off on the project. He has done a letter of support and he has also confirmed that should we achieve an ok on this application the $30,000+ a year we pay in payment in lieu of taxes we no longer pay that because none of our Federal properties are taxed, State properties are and once these become Federal properties they are not taxed. The Zoning Department has given us a consistency with the zoning permitted for the given area of the town. This has all been within 24-hours. The Resident Council, we have met with both on Tuesday and today, and by end of tonight will have letters of support from Ms. Fraser, Jim as Resident Commissioner and Floyd Banks as President of Glen Apartments. We held a public hearing on Monday evening. That public hearing was at 7 o'clock and it was duly noted with appropriate legal notice. We had a sparse crowd I would say, myself and Jackie. We did get comments from the Resident Council and issues which were very good questions, issues like; what about the mortgages that currently exist. The State of Connecticut because they will be unburdening their portfolio of these properties, are looking at ways to forgive the mortgages because HUD will not take on the properties if there is still debt attached to the properties. The second question is; what about the bit of rental assistance payments that goes to Glen and Crosby today. Those go away tomorrow, but are replaced by operating subsidy based on the HUD formula and we think that the better rate for our seniors. The other question we got was why didn't we do State Moderate Rental; why did we just do Glen and Crosby. There are two reasons. One, we have to use your stimulus money and that is the only federal funds you could use to get these units into shape to be accepted by HUD. Three hundred thousand is ok for Glen and Crosby because we have had an architect go out and do preliminary assessment and it is going to cost us about one million dollars to get the units up to the standard to be accepted under contract by HUD. We know that State Moderate Rental you are looking at more like 10 to 12 million dollars to get those units up to code. The second issue is because of the difference between the Federal and the State program. An elderly person will probably have a reduction in their rent once they move to the Federal program because of additional deductions that they will achieve when they move to the Federal program. Families in the State program if they move to the Federal program because of the deductions they will lose will probably pay high rents under the Federal program. In this economy it made sense to go

with first the most cost effective, those properties that we can quickly get up to speed and then let's take care of the seniors. We will be removing that base rent structure and under the Federal program they pay a minimum rent, they have zero income of $50. We actually drew up some examples. A couple of examples to show what will happen in terms of the difference between both programs. Thanks to Jackie our occupancy expert. There should be two pages. Example one, you have an elderly disabled couple, ages 70 and 58 in a one bedroom unit at Crosby Manor, $15,564 in income, today they pay $389 in State rent. If we are successful with this proposal that couple would pay $379 in rent. The next example is of an elderly person age 76 in an efficiency at Crosby today $13,000 in annual income, State rent today is $315, under the Federal program it is $258. Each family will go through a certification process based on their deductions etc. but for the most part it is beneficial to seniors by stabilizing the rent structure and also allowing them to keep more of their fixed income for themselves in this environment. I don't know if we did the one with zero income. A zero income person today under the State program would pay notwithstanding that they are zero income they would pay $310 for an efficiency. Under this proposal that senior or disabled person would pay $50. You would say, as the Housing Authority that would hurt you because you are only getting $50, no, the operating subsidy fills the gap and it is a bigger gap because on average we get $58 dollars per unit on the State side, but $199 on the Federal side. That gap closure is between $50 minimum and the 30% of whatever their income is. We believe we will have more money at our disposal to operate the properties. We have done an estimate and Everette suggested that we may get as much as an additional $281,000 in operating subsidy. We looked at the actual rent rolls and each person's income and that was the most accurate way of estimating what you are going to get and that is what we came up with. There are a lot of things to do in the meanwhile. We had completed the environmental reviews on the units, and we have a very good consultant working with us, you have all met him, Steve Ball. He has completed the environmental reviews and the Mayor has signed off on them. He has completed the actual estimates of work for both Glen and Crosby. We have done all the due diligence with regard to consultation with the City, consultation with the residents, the actual application itself is being put together and we will get it to Boston we promise by Monday. We are taking twelve o'clock p.m. as the deadline, but we think they (HUD) might have meant three o'clock p.m. to have it there. Our intention is to have it there. We think it is a great first step for the Housing Authority and it breath's some life back into these properties. Chairman Chieffalo comments that it is a great idea. Commissioner Watkins asks 58 years old is elderly? Ms. Sistrunk comments that it is near elderly. He also asks what the down side is to doing this. Ms. Sistrunk explains that if we have family in there one of the major differences between the State and Federal program is that you only check immigration status once on the State side, you check it with a new application. You are not under the State statue required with each recertification and the State does not prorate the subsidy based on and exclude undocumented person if there is an undocumented person of the family. You still have to be a documented lease holder, but they can have an undocumented person of the family. These units moving to the Federal there is a status check/certification of status with both the new application and each recertification. That is one reason we didn't look at the State program. We think we might have a handful of families that might have at least one undocumented member of the State family program. We feel 100% sure there are almost and if there is one we don't know about it that is in the State elderly program. There are Housing Authorities that are doing both their elderly and their family and they are going to have difficulty with that. On the other hand it is a due process issue something to consider as procedurally correct on one program because the

Housing Authority makes a policy decision and HUD agrees to go to another. That person is now out of compliance and may be an impossibility or at least a temporary impossibility to collect. Those Housing Authorities are declaring those hardships and looking for some way to grandfather those persons in. What is for sure is that HUD will not pay and those Housing Authorities will have to find some other way to subsidize those families. I'm not sure what they will do. We don't have those issues. The downside is that you must put money in upfront. We will have to go get some bank financing to pay for some of these renovations, it is about a million one. We have $300,000 we are getting from the stimulus money. I am not counting on it but we have consistently been awarded Block Grant dollars and I feel certain that the City will support us in some capacity. I think we will still be looking at six or seven hundred thousand dollars that we will need to get upfront to make these improvements. I think that it is worthwhile debt to take on at this point because of what is to come out of it. All of it doesn't need to happen right away. The other down side is to do this so fast. The legal notice was 10 days, normally HUD is 45 days. That is one of the reasons why we didn't have many people at the public hearing, although even with the 45days we still don't get a larger crowd. People only come out when they are upset about something. With the Scattered Sites Disposition, you remember that year we had a full house and we have been getting less and less since then. Other than deductions for elderly persons, people that are less than 60 may have some impact but to the extent we have a chance to research to what this all means, I think we have pretty much have our hands around what the disadvantages are. We have been pretty crafty with this and by containing it to just the elderly properties, we have avoided most of the pitfalls that would be on board or apparent moving from a State to a Federal. Chairman Chieffalo comments that whatever debt we take on will hopefully be offset by the debt that the State of Connecticut is going to forgive us. They want to be out of owning these properties or being tied to them. Chairman Chieffalo suggests that take a trip to Hartford to talk to them. Ms. Sistrunk has a letter from both, Commissioner of DECD, Ms. McDonald and Mr. Bannon, CHFA President and it is "we support you and will work on the issue of defraying the existing mortgages on the property". Defraying, paying for it. HUD will not take the units if there is debt. The units are in the state they are in because the State program is structurally unsound and it has been from the inception. Once it is gone it is gone. Commissioner Zeh states that he heard today that the State is expecting to have a $3.2 billion deficit by 2012, so we know we won't be getting anything from the State for housing. We were talking kind of whimsically over the last several months about "I wish we could federalize, I would love to do it", then the opportunity just appeared. Initially there were at least 30 Housing Authorities on a conference call when this first came out and it has now dwindled down to only 10 or so that are going to apply because there is no time. HUD made it so difficult. There is no time and they don't like the idea, but the way the stimulus funding was crafted there was a loop hole that allows us to do this. I didn't catch it but I'm glad I caught it after the initial catch in Massachusetts. A small Housing Authority in Massachusetts caught it and called their General Counsel like I would have called Kim. Kim would have said that "oh they wouldn't mean that" and they went further to their Attorney General to get a legal opinion and said yes that the stimulus funding removes a 1999 prohibition that HUD placed on Housing Authorities that had State units. That prohibition was that you cannot use Federal funding to federalize your State units.

EXECUTIVE DIRECTORS REPORT

We have a couple of other things going on. Neighborhood Stabilization (NSP) program; we have had a rough two or three weeks with the foreclosure market. It has moved a little bit from downtown Census tracks 2101, 2102, it is now more out the Shelter Rock way. We have had to go back to the State to get approval to add that to our search area, they did. We have two pending contracts, one over on East Pembroke Road, well not pending, we are negotiating pending contracts, if that is an appropriate way to say it. We are getting closer to the contract we can live with regarding the type of title we will receive and whether or not any tenants are protected because this is a foreclosure using federal money. We believe we are on target to have at least one unit occupied by December 21, 2009 and are awaiting news on our application and that application is for additional 3 million dollars. We just partnered with City Center and the Executive Director they're submitting a planning grant. This is also notification to Jessie because it is her building. We did get it in today. It is a planning grant for architectural possibilities for that building. We know that we are looking at the interior of the building and maybe upgrading the dwelling units. We have an architect locally who is willing to work in-kind, along with the $10,000 planning grant we don't know what is going to come out of it. As you know Ives Manor is a very historical site for the City of Danbury and if we can do something different with it and go out and use these specs from this venture for the grant etc. it is a good thing for the Housing Authority. December 3rd we are submitting a funding application for a 50 family unification vouchers. We are partnering with the State of Connecticut Department of Social Services and the grant is pretty much done. We have an MOU that was signed last January which you approved and is still active and the application we hope will be successful on December 3rd. Chairman Chieffalo comments that there is a lot going on right now, and these are exciting times for the Housing Authority. Great job Carolyn.

FINANCIALS:

October 2009 Financials – cash flow looks more positive than it is. We are down to $900,000 that we owe on the properties. We still have 5 or 6 that we still have to sell. We are starting to reduce the price accordingly. We still think we will have extra left. I think that it is a major mile stone to be under a million, down initially from when you started at $2.9 million. I have to admit it still hurts having to send that check out. Your adoption is recommended. Upon motion by Stan Watkins and second by Ray Yamin the financials were adopted and approved.

At this time, Chairman Chieffalo makes the motion to amend the agenda to add Resolution 822. Upon motion by Mary Teicholz and second by Jim Zeh, the revised agenda for HACD was adopted and approved. Chairman Chieffalo confirms that the agenda was posted within the appropriate time frame.

RESOLUTIONS AND INFORMATIONAL ITEMS

A. **Resolution 816** authorizes the Executive Director to accept the proposal from Paychex to provide time and attendance services at a cost of $1,257.50 per month ($15,090.00 per year). Upon motion by Stan Watkins and second by Mary Teicholz the Resolution was adopted and approved.
B. **Resolution 817** authorizes the Executive Director to adopt and implement the proposed Utility Allowance Schedule to become effective December 1, 2009. Upon motion by Jim Zeh and second by Ray Yamin the Resolution was adopted and approved.

C. **Resolution 818** authorizes the Executive Director to transmit Fiscal Year 2008 Financial Statement to the State of Connecticut and The Housing and Urban Development. The Executive Director requests that this Resolution be tabled until next month's meeting. Upon motion by Mary Teicholz to table Resolution 818 and second by Stan Watkins the Resolution was tabled until next month's meeting.

D. **Resolution 819** authorizes the Executive Director to write-off one hundred seventy eight thousand six hundred ninety nine dollars and sixty eight cents ($178,699.68) in outstanding tenant account receivables for 2009. Upon motion by Jim Zeh and second by Ray Yamin the Resolution was adopted and approved.

E. **Resolution 820** authorizes the Executive Director to write-off nine thousand one hundred ninety two dollars and sixty nine cents ($9,192.69) in outstanding tenant account receivables for 2009. The Executive Director requests that Resolution 820 is moved to HACD Corp. Upon motion by Stan Watkins and second by Mary Teicholz the Resolution was moved to HACD Corp meeting.

F. **Resolution 821** authorizes the Executive Director to write-off twenty eight thousand nine hundred thirty six dollars and twenty seven cents ($28,936.27) in outstanding tenant account receivables for 2009. The Executive Director requests that Resolution 821 is moved to DHA Corp. Upon motion by Jim Zeh and second by Stan Watkins the Resolution was moved to the DHA Corp meeting.

G. **Resolution 822** authorizes the Executive Director to Now be it resolved that the Executive Director, M. Carolyn Sistrunk is authorized to submit an amended 2010-2014 Annual and Five Year Plan to update its 2010-2014 major initiatives to include the planned Federalization of 150 State Senior Public Housing Units at Glen Apartments and Crosby Manor.

   Now therefore be it resolved that the Executive Director, Mary Carolyn Sistrunk, is authorized to submit an application for Conventional Development of Federal Public Housing with Rehabilitation for property located at 25 Memorial Drive, Danbury, CT, as more fully described in the application on form HUD-52651-A (5/94); and

   Now therefore be it resolved that the Executive Director, Mary Carolyn Sistrunk, is authorized to submit an application for Conventional Development of Federal Public Housing with Rehabilitation for property located at 84 West Wooster Street, Danbury, CT, as more fully described in the application on form HUD-52651-A (5/94); and

   Be it further resolved that the PHA assures compliance with all the requirements of HUD regulations at 24 C.F.R. part 941. Upon motion by Stan Watkins and second by Mary Teicholz the Resolution was adopted and approved.

REPORT FROM THE CHAIRMAN OF THE BOARD OF COMMISSIONERS:

Chairman Chieffalo comments that he is very impressed with is that he is very impressed with is attendance. He wants to thank his fellow Commissioners. We have had great attendance. It seems every month we have always had five people here, very seldom do we have less than that. I remember what it was like 3 or 4 years ago, we just did not have good attendance. We didn't have quorum and couldn't have meetings. I just want to congratulate and thank everyone on this commission for the doing the work that they do. It is all volunteer, and we do not get paid for it and thanks everyone for showing up every month.

NEW BUSINESS: NONE

ADJOURNMENT:

Upon motion by Stan Watkins and second by Ray Yamin, it was approved to adjourn the meeting at 6:28 p.m.