

**MINUTES OF THE REGULAR MEETING OF THE COMMISSIONERS
OF THE HOUSING AUTHORITY OF THE CITY OF
SPARTANBURG, SOUTH CAROLINA**

August 20, 2013

PRESENT: Thomas Lounds, Suzanne Cole, Kittie Collins Tullis and Irene Sims

ABSENT: Charles Love and Chris Steed

STAFF: Harry A. Byrd, Jr., John Kinsey, Daryl Dalton, Lou Zammett, Eva MacDonald, Tiffany Askew, Valerie Forsberg, Jayne Floyd, Penny Culp, Margaret Woodson, Joann Harris, James Whitcomb, and Lois Menken (recorder).

The meeting was held at the Mary Wright Center meeting room, Spartanburg, SC 29306.

Commissioner Lounds called the meeting to order at 5:32 PM. He then announced that public notice of this meeting was posted at least twenty-four (24) hours prior to the commencement of the meeting as required by the South Carolina Freedom of Information Act.

INVOCATION: Daryl Dalton

QUESTIONS FROM THE FLOOR:

Christine Whiteside from 185 Freemont complained about being arrested for non cooperation when asked by police to lie on the ground. As a result she lost her Section 8 voucher. She does not think it is fair for her to have to move. Commissioner Cole state that our attorney is working with her legal aid. The SHA attorney said she can get her voucher back if she moves. She is renting a house not belonging to the SHA. We agreed through the attorneys that we would continue to pay her assistance if she is willing to move to another property. There are problems between them and the neighbors and this can lead to a potentially dangerous situation. Commissioner Cole informed Ms. Whiteside that she needs to talk to her legal aid regarding this. SHA can help her find another house that is comparable.

APPROVAL OF THE MINUTES:

A motion to approve the minutes of the July 16, 2013 Board meeting was made by Commissioner Cole, seconded by Commissioner Tullis and unanimously carried.

REPORTS:

A. President Resident Council:

- Archibald Resident Council President, Marie Fernanders, reported on their National Night Out fundraising event with the dunk tank and the SHA Directors. This was a very

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successful event and raised \$60.00 which will be split between Archibald Rutledge and Barksdale Resident Councils. Everyone had a great time.

- JC Anderson Resident Council President, Tonya Wilson, reported on their National Night Out event. They had a wonderful event that Brenda Oglesby, SHA staff member, assisted with.
- Prince Hall Resident Council President, Dorothy Mallory, reported on the success of their National Night Out event.
- Camp Croft Resident Council President, Polly Whiteside, reported on the great time they had at their National Night Out event. The children had an awesome time. They had different businesses donate many nice gifts for their event which was a blessing. The residents received plenty of gifts and everyone went home happy.
- Victoria Gardens Resident Council Vice President, Teresia Davis, reported on the success of their national night out. Their event was featured on the front page of the Spartanburg Herald Journal.

B. Board Chairman: No written report.

C. Executive Director: Daryl Dalton on behalf of Mr. Byrd submitted the Executive Director's written report to the Board and briefly discussed the following highlights during the meeting:

1) Community Activities and Programs:

- a) **Cammie Clagett:** We continue to take units off-line. Currently we have 85 units off-line and vacant. We are keeping the residents informed on the conditions and we are working closely with Spartanburg Public Safety Department for helping us with increased patrols. The YouthBuild participants are helping us to board up these units.
- b) **National Night Out:** There were numerous Resident Council reports on the National Night Out events this evening. Mr. Byrd, John Kinsey and Daryl Dalton had the opportunity to be in the dunking booth at the Archibald Rutledge event. The directors had a lot of fun with the residents and even some of the residents got wet.

2) Choice Neighborhoods Planning Grant:

- a) **Brawley Street Project:** We are anticipating that in September we will be breaking ground for the duplex units.

3) Year-End Closing: We are getting towards the end of our fiscal year on September 30, 2013, and we are beginning to make preparations for our year-end close out. Our CFO has been in contact with Casterline and our auditor who helps us every year. We making arrangements for our

auditor to come early this year and will have an overlapping period with Casterline to help us to be well prepared for year-end closing.

D. Departmental Reports: Written reports provided for informational purposes.

1. Housing Operations – *Highlights to written report by Daryl Dalton*

- We continue to keep our occupancy rate at a high level and we are at a 99% occupancy for the third month in a row.
 - James Whitcomb stated that our property managers that assist in having this occupancy rate. It is because of their efforts we are generating this revenue. From time to time there needs to be kudos to these managers for maintaining this rate and being able to stand in the gap and take this day to day. Mr. Whitcomb wanted to let the public know that they do their jobs and 99% represents more than just a figure.
- We are continuing to lease up on our Section 8 vouchers. In the past years we have been underutilized and receive less of our budget authority and so now we are going through an aggressive period so we can lease up which helps us to increase our budget authority. We are doing this now and we are now at the bottom of our waiting list. There is a possibility we will be opening our waiting list in November. There will be a notice posted in the Spartanburg Herald Journal announcing the opening of the waiting list for Section 8.
- We have had good success with our YouthBuild program this year with four individuals earning their GED's and two earning their high school diplomas. We had three that walked in the Adult Education Graduation ceremony, and ten who have earned certifications as apprentice in training for home building.

2. Planning and Development – *Highlights to written report were given by John Kinsey.*

- We have two members of staff who are away for training in Indianapolis. Valerie Forsberg and Amber Wooten who are part of our Resident Services with the Elderly and Disabled Services. We encourage our staff to attend training conferences where they can learn best practices from other Housing Authorities. We are looking forward to their return and bringing back some good ideas for our agency. We hope to be able to have some of our staff members someday doing presentations on best practices in the future.

- Columbia Residential has been selected as our Master Developer and Planner for the Northside project. We have been working with them to negotiate and develop a Master Planning agreement. The first phase is developing a master site plan and we did not want to develop this master site plan for a development agreement until we have a plan by which we can understand the full ramifications that the developer will be involved in. After we complete the master site plan we will negotiate with them on a development agreement that will be more extensive and comprehensive than the master site plan agreement. Columbia Residential is scheduled to be in Charlotte, NC on Thursday, August 22, 2013. We are hopeful we can continue our negotiations and by the end of this month be at a point where we can reach some sort of agreement. We do have some urgency because we have approximately 11 months to complete our transformation plan which will be due to HUD. This transformation plan will lay the ground work for the implementation grant that we are hopeful to submit in 2014-2015.
- HUD has provided technical assistance providers for all Housing Authorities that participate in the Choice Neighborhoods Program. We are working closely with the individual who has been assigned to us. We have monthly update meetings with HUD staff. At our July meeting, we had two HUD representatives on the conference call with us. We think we are moving along quite well and have some areas where we are not quite as far along as we would like to be, especially with the selection of the developer.
- Replacement Housing Factor Funds (RHFF) is Capital Fund dollars that are to be used for providing additional affordable housing. We submitted a development plan and acquisition plan to HUD for the use of a portion of our RHF Funds for the Brawley Street Project. We anticipate at the end of this week to receive approval for the use of these funds. Mr. Byrd would then sign a contract with the developer, Brownstone for the building of the twelve units on Brawley Street. In addition, at the City Council meeting in July they approved \$280,000 for infrastructure improvements for the Brawley Street project. We are working with our attorney to get three lots deeded over from the City to the SHA where these units will be built on.
- We have been working with Spartanburg County over the past few month to finalize an agreement for HOME Funds that were provided to the Housing Authority as part of their HOPE VI Program that goes back to 2004-2005. One of the parts needs to be completed before we can close out that grant and that is the expenditure of another \$600,000 of HOME Funds

that has been provided to the Housing Authority by the County. We intend to use these funds for the senior units at Page Lake. The dollars are sufficient to develop six of the eight units based on the proforma that has been developed for this project. We expect that the net operating income is sufficient to cover an approximate loan of \$100,000 to build the additional two units.

- The Board Development Committee meeting was held two weeks ago and we want to thank Commissioner Lounds for his involvement with our development projects.

3. Finance Report – *Lou Zammett gave a brief overview of the submitted finance reports. (Please see written report for more detailed figures.)*

OLD BUSINESS: None

NEW BUSINESS:

1. Proposed 2013-2014 Fiscal Year Budget

- We held a Finance Committee meeting on August 12, 2013, and Dr. Love was the only committee member present. We presented the budget to him in great detail and Dr. Love recommended approval of our FY 2013-2014 budget.
- Earlier this year, we talked about sequestration and congressional resolutions. This year we lost approximately \$800,000 due to these two actions in both the HCV Program and the Public Housing Program. We still think this will affect us next year. In this year's budget, we budgeted revenues from HUD at 90%. This year we only budgeted at 89% with a more conservative approach until we understand the impact of sequestration. We met with all the directors, property managers and other management staff to build this budget from the bottom up so all staff would be involved in this process. This budget also includes are Capital Funds and grants.
- The FY 2013-2014 budget is predicting a projected income of \$19,490,000. In the FY 2012-2013 budget, the actual income is approximately \$16,000,000. We also included a contingency for maintenance in our new budget to make sure the properties are well maintained.
- We also looked at the utility cost in our new budget. Duke Energy is proposing a 15% increase in utility costs. We conservatively increased our utility cost budget by another 7%. We will be looking at the consumption and in a few months John Kinsey will be putting out for an energy performance contract where someone will come and look at all our buildings and suggest solutions so we expect to see some savings as a result of this performance study.

- With the COCC, and the non-operating items we are making a decent income. This income is coming from tax-credit properties, the sale of surplus items and SHA houses. We are conservative but aggressively going after income. Also included in the budget is the impact the Mary Wright Center debt service is having on our agency. We have approximately \$500,000 in expenditures that are non-operating. We are showing after these expenses a small net operating income. We have been doing monthly analysis of the budget and this year we will do more analysis.
- 2. Approval of Loan for Construction of Eight Senior Units at Page Lake**
 - There are 78 units at The Ridge that are tax credit units. The county gave us HOME Funds and obligated additional funds and \$600,000 is remaining in order to build eight more one-bedroom senior units. We will need to borrow another \$100,000 in order to complete all eight units. We are seeking approval from the Board on this \$100,000 loan. The money will be paid back with the income generated from these eight units. We project that the loan will be paid back in seven years and after this period the units will generate net operating income for the agency.
 - There is a desperate need for one-bedroom units. Country Gardens Estates has ten one-bedroom units and they have 500 people on the waiting list. We have future plans of building 36 more units at The Ridge.
- 3. Page Lake Senior Housing Development Partner RFP 2013-0031**
 - We have gone through the official process of procurement. We put out a solicitation and received one proposal and we have deemed this proposal appropriate. We would like to award a contract to Upstate Homeless Coalition to work with us to develop these eight units at The Ridge. This particular project was mentioned in our YouthBuild grant that when we got to this project, our YouthBuild participants would be involved and help build these units. We have worked with Upstate Homeless Coalition to include the YouthBuild participants so they can gain from this experience.
 - Commissioner Lounds explained to those who may have a concern on only receiving one response to the RFP that HUD has regulations that allows for us to deal with only one person in the event that you only have one responding.
 - Commissioner Cole stated that we have dealt with this entity before on several projects and have a positive track record with them.
- 4. Approval of Home Developer Agreement and the Agreement and Declaration of Covenants and Restrictions for Properties at Page Lake**
 - There is a requirement with the County HOME Funds for Page Lake that certain legal documents be recorded. Restricted Covenants, Declarations of Trust and development agreements must be in place. This resolution will allow Mr. Byrd, Executive Director, to sign these necessary documents that will put in place these legal restrictions. By having the legal restrictions and development agreement in place, releases the dollars

from the County so they can give the money to us for the new units that we will own. These units will be Section 8 Project Based but they will be designated as HOME units. The only way there would be recourses with the County would be if we are defaulted in some way. We negotiated this and we have the ability to cure any deficiencies.

5. HUD Insured Mortgage Loans under the 223(f) Program for RAD Conversion of JC Anderson and Tobias from Public Housing to Section 8 Project Based

- We will be converting Public Housing units into Section 8 Project Based units with the new Rental Assistance Demonstration (RAD) Program. Section 8 has a brighter future, provides more funds, and is more likely to be funded in the future versus Public Housing. The first two complexes we are considering are Tobias and JC Anderson. The reason we are considering these two is because they are some of the nicest properties in our inventory and they provide us the ability to pay back a Capital Fund financing loan. We have to pay this back before we can convert these properties to RAD. This resolution is authorizing a loan for each of these properties and if approved this loan would be used for a couple of things. It would be used to borrow the necessary funds to pay back JC Anderson and Tobias' portion of the Capital Fund loan and frees these properties up so they can be converted to RAD. It also borrows money so that certain improvements can be made at these two properties. There are some improvements to be made but not many because of the conditions of the properties. This will also allow us to provide to HUD a lender engagement letter which is one of the milestones.

6. Disposition of Surplus Equipment, Vehicles and Furnishings

- According to our Disposition Policy we are required to bring this request to the Board. We are requesting the Board's permission to dispose of surplus equipment, vehicles and furnishings using the State's system where this would be done by bids. We have a number of vehicles that have been sitting for quite some time and as they sit, we continue to pay insurance on these vehicles.
- The State Budget and Control Board division has a state surplus property office and will be handling this disposition. They have the authority to dispose of property from State agencies and local government agencies. Their staff came and went through and looked at the surplus property and they will be selling them on an E-Bay type of website called E-gov. Some items they will take to their warehouse in Columbia, SC. At that point our work has ended. They take care of all the leg work. There is an administrative fee that is nominal and once the property is sold, then we will receive a check for the property less the administrative fee. SHA employees cannot bid on these items. The income from the sale of this surplus has been projected in our FY 2013-2014 budget.

RESOLUTIONS:

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1. **2013-24:** A motion to approve the proposed 2013-2014 Fiscal Year Budget was made by Commissioner Cole, seconded by Commissioner Tullis, and unanimously carried.
2. **2013-25:** A motion to approve the approval of the loan for construction of eight senior units at Page Lake was made by Commissioner Tullis, seconded by Commissioner Cole, and unanimously carried.
3. **2013-26:** A motion to approve the Page Lake Senior Housing Development Partner RFP #2013-0031 was made by Commissioner Cole, seconded by Commissioner Tullis, and unanimously carried.
4. **2013-27:** A motion to approve the approval of Home Developer Agreement and the Agreement and Declaration of Covenants and Restrictions for properties at Page Lake was made by Commissioner Tullis, seconded by Commissioner Cole, and unanimously carried.
5. **2013-28:** A motion to approve the HUD Insured Mortgage Loans under the 223 (f) Program for RAD Conversion of JC Anderson and Tobias from Public Housing to Section 8 Project Based was made by Commissioner Tullis, seconded by Commissioner Cole, and unanimously carried.
6. **2013-29:** A motion to approve the disposition of surplus equipment, vehicles and furnishings was made by Commissioner Cole, seconded by Commissioner Tullis, and unanimously carried.

COMMUNICATIONS: None

ADJOURN:

A Motion to adjourn was made by Commissioner Cole, seconded by Commissioner Tullis, and unanimously carried.

Meeting Adjourned.

Respectfully submitted,



Harry A. Byrd, Jr.
Executive Director