

Housing Authority of the City of Vineland

SPECIAL MEETING
Monday, May 3, 2010
6:00 p.m.

A Special Meeting of the Housing Authority of the City of Vineland was called to order by Chairman Robert A. D'Orazio on Monday, May 3, 2010 at 6:00 p.m. at the office of the Authority located at 191 W. Chestnut Avenue, Vineland, New Jersey 08360.

The following Commissioners were present:

Commissioner Sharon Dauito-Baxter
Commissioner Beatrice Corbin
Commissioner Joseph Asselta
Commissioner Sheila Brown-Saunders **(Absent)**
Commissioner Vickie Burk
Chairman Robert A. D'Orazio

Also present were Jacqueline Jones, Executive Director, Wendy Hughes, Assistant Executive Director, Charles W. Gabage, Esquire -- Solicitor; Dan Avena and Linda Cavallo from the VHA's fee accounting firm, Sandy Velez, Assistant Asset Manager, Gloria Pomales, Executive Assistant and Tom Nutt-Powell from Housing-Solutions.

Chairman D'Orazio read the Sunshine Law.

Mrs. Jones introduced John Achatz from Klein Hornig joining the meeting by phone. Mr. Achatz is the attorney handling the legal documents for the Parkview/Asselta Project. Mrs. Jones re-introduced Tom Nutt-Powell from Housing Solutions. Tom and John are going to guide us through the steps of the formation of the company and legal documents that we need to process in order to move forward with the Parkview/Asselta Tax Credit Application and Mixed Finance project.

The reason for this Special Meeting is to discuss the process for the Parkview/Asselta Project where major renovations will be completed at both of these projects. A big part of the financing for this project would be low income tax credits through the NJ Housing and Mortgage Finance Agency (NJHMFA) with an application deadline of May 14, 2010. There are a few steps in the process that need to be done prior to the application due date. The essence of the deal and the Financing Pro Forma of the project were developed by Tom Nutt-Powell.

The first issue to be discussed is the authorization to create a Section 8 Projected Based Voucher Program. The Authority already has a Voucher Program, but it is tenant based. In order for the Authority to bring in the right amount of dollars into the Parkview/Asselta project the Authority can use up to 20% of its issued vouchers utilized in a project based environment. This means the Authority is guaranteed a certain amount of income from those vouchers for certain units. These units would be at Asselta Acres. Mrs. Jones indicated this process is not currently in the Authority's Administrative Plan for the Section 8 Housing Choice Voucher Program. The Authority is not only authorizing the ability to use these vouchers in the program, but also to amend our Section 8 Administrative Plan. A resolution for both of these issues is in the Resolution section of the meeting.

Mrs. Jones stated the Authority will need authorization to create Vineland Housing Solutions LLC (VHS LLC). This is explained in a memo from Mr. Achatz included in the Special Meeting Agenda packet. Mrs. Jones turned the meeting over to Tom Nutt-Powell on the formation and the structure of the entities. Mr. Nutt-Powell stated the quickest way to understand the creation of the VHS affiliate is to look at the graphic enclosed in the board packets. He further explained the Vineland Housing Authority (VHA) is creating a new company called VHS, LLC to solve some housing needs for Vineland. The authority needs this affiliate to operate as a real estate company that lets you do things like obtain loans, obtain Project Based Vouchers and apply for and receive low income housing tax credits. The entity would operate under the direction of the Authority consisting of a three person board. Two of them are ex officio. One is the VHA Chair and the other is the Executive Director of the VHA. They would select the third person and this gives them the ability to reach out into the financing, real estate or construction community. Someone who would bring a special sort of skill, knowledge and background that would add focus and capacity to this three person board. This is a format that has been used by housing authorities across the country as they have created similar organizations. In turn, VHS would then create an independent technical organization for each of the properties which it will own and operate and will be managed by another corporation. This is a series of legal entities because it will enable each one to operate for one purpose and one purpose only. They are called single purposes entities. This clarifies what they are doing and their financial circumstances in the relationships under which they are operating. Mr. Nutt-Powell explained the money associated with this. He referred to the financial pages included in the agenda. The first page is the Financing Pro Forma. This basically is the sources of the money that is coming in. Mr. Nutt-Powell explained in detail the Financing Pro Forma page as well as the additional financial summary spreadsheets. Mr. Nutt-Powell further explained the transformation of the properties and its benefits.

Mrs. Corbin asked if there isn't a need for the Vineland Housing Development Corporation (VHDC) anymore. Mrs. Jones stated it will still be in existence. Mrs. Corbin asked if the VHDC has a 501(c) 3 attached to it. Mrs. Jones confirmed that it does and stated the VHS will not. Mr. Nutt-Powell explained the VHS would be what HUD recognizes as an affiliate for development purpose for mixed-finance, which is why creating one is a sensible thing to do. All of the paperwork is completed. The legal action would come from the Board to authorize by resolution its creation.

Commissioner Burk asked how the units that are going to be project based will be filled. Mr. Nutt-Powell explained the voucher stays with the property. Both the Section 9 and Project Based Voucher units require that the family that lives there has to be eligible at 60% of the median income. There is a waiting list for the property. Mrs. Jones stated they would qualify the same way as the qualifications exist currently, however by forming this ownership we can establish additional criteria. For example, establishing an objective FICA score, this is not currently done.

Mr. Gabage asked if the management company would collect a fee for management. Mr. Nutt-Powell answered yes. The management company for this property will be Vineland Housing Authority Management. There was a brief discussion on how this would work in respect to the accounting aspect of it.

Commissioner Corbin asked what the changes at Parkview would consist of. Mrs. Jones stated the renovations at Parkview would include inside and outside major renovations as far as site work. All the sidewalks will be redone, new parking, landscaping, roofing, and storm doors. Inside renovations would consist of new floors, converting from electric to gas, new baseboard heating, new fixtures, new counter tops and improvements to the bathrooms. We are also looking to provide space for washers and dryers at Parkview as well as Asselta. This construction will take approximately one year to complete. Mr. Avena asked what is going to happen to the existing tenants. Mrs. Jones reported a relocation plan is being worked on now. The tenants could be issued vouchers. Wendy Hughes is working on the disposition application, which is part of the

process in change of ownership. Part of this process is to request vouchers to relocate residents. The resident would go out into the community with a Section 8 Voucher and find a place to live. Along with the voucher counseling and possible assistance with relocation fees assistance will be provided to relocate. Commissioner Corbin asked will they be able to come back to their unit after it is fixed up. Mrs. Jones said they can certainly come back through a reapplication process and there will be an opportunity to come back. Commissioner Baxter wanted clarification if a resident had to move because of these renovations, not by choice, they would have to reapply. For some reason they do not meet the criteria now that they met when they moved in they can't go back to their unit? Mrs. Jones stated that is certainly a possibility but if our residents are here now and not violating the lease there is no reason why they wouldn't be able to come back. Mr. Nutt-Powell explained the residents in the larger units (4, 5, & 6 bedrooms) once they receive the vouchers the housing that they would be able to find in Vineland will actually better serve their needs. The likelihood of these residents even wanting to come back given a choice is lower than the residents in the 1-2 bedroom units, which the Authority will be adding more of those size units. The 1-2 bedrooms are what the Authority is in need of. In the case of the units that are being kept the same size, the high probability is if they have been good tenants they might be able to come because they fit into the same size units and more than likely if they are happy living at the VHA's properties they will want to come back.

Sandy Velez stated that currently there are 13 families at Asselta that are over-housed that need to go down to 1, 2 or 3 bedroom units. She stated once you change the composition and you break it down to a smaller units the Authority will be able to address the needs of the community. The Authority's 2 bedroom waiting list has been closed for over 4 years. The 3 bedroom waiting list is also closed because the demand has been great. The demand for 4, 5 & 6 bedrooms is not there.

Commissioner Corbin's concerned about the residents being able to come back. Mrs. Jones explained that at Parkview it has not been determined yet that they have to move. She stated the Authority is trying to work something out so that they do not have to move. This has not been determined completely. Sandy Velez stated that Parkview is one of the most stabilized properties that the Authority manages. The resident base has remained consistent and most likely with whatever new tenant selection criteria the Authority develops she believes 99% of them will re-qualify.

Mrs. Jones reiterated that the 2 bedroom waiting list has been closed for over 4 years and the 3 bedroom waiting list was recently closed in Public Housing. She reported the Section 8 waiting list has been closed since 2002 because there are no vouchers. Mrs. Jones stated when the Authority offers a Public Housing resident a voucher they will love that because they can go live where they want to live. Commissioner Burk agreed and said they are not going to want to come back.

Mrs. Jones reported Pat Harrison's skills will be used in the counseling process with the residents. The Authority also has the benefit of a individual who use to work with the Atlantic City and Pleasantville Housing Authority in developing relocation plans. He has relocated 400 families and the Authority will use his experience. The Authority will make every effort to make it as easy a process as possible. It is a change and may be upsetting to people but the Authority has to help them in this process because it is sensitive to the fact that this is their home.

Mr. Gabage asked Mr. Nutt-Powell how this whole process ends. Mr. Nutt-Powell stated the Housing Authority developing organization, Vineland Housing Solutions, owns and controls the properties through the single purpose entity, Parkview/Asselta LLC. You are just changing the way you own the property from one entity to another. Under the tax credit program two things will happen. One is since you are in business to be an affordable housing owner and operator you are committing to have a longer use restriction. The second thing is a practical manner after the 15 years of a tax credit program and your investor says thank you very much you have given me

everything I signed up for and according to the legal documents the investor will give you the right of first refusal for you to own it exclusively. Doing business like this means the way you do your real estate operation is now expanded more from just the public housing world to the broader real estate world and you are able to continue to lend money as a housing authority to do other deals like this. The Authority is always the controlling partner.

Commissioner Corbin asked if the Authority is going to move forward with this and put a hold on D'Orazio. Mrs. Jones stated from her point of view D'Orazio would be the next development to look into and see what can be done with the land at that property as far as redevelop or reconstruct.

Chairman D'Orazio asked if all this being done tonight is to enable the Authority to get the application in on time? Mrs. Jones said this is correct. Mr. Nutt-Powell stated the application is due on May 14th and they will announce the allocation in the middle of July. There will be competition and it is unsure the Authority will get the tax credits. Mrs. Jones will be meeting with the State Agency to review the Authority's application in draft form to get their comments which is a real advantage.

Mrs. Jones stated that one additional piece of the project that needs to be discussed is the construction loan. Commissioner Baxter excused herself from the meeting at approximately 7 p.m. Mr. Nutt-Powell stated when the \$6.6 million dollars of tax credit comes in depending on how the investor wants to do it, it can come in phases, it can come in at the back end or it can come in larger chunks. The request for proposal went out, proposals were received and the one that is most advantageous actually gives three choices. He reviewed and explained the three choices. You will need to get a construction loan for some amount depending on the choice made. There are two places you can go to get a construction loan. You can go to a bank or you can go to yourself because you have in the bank a large amount of programming income that came in from the Home Ownership Program a few years back. The Authority can actually be the construction lender. The advantage here is the Authority can lend to itself and make money from it.

With no other discussion in related matters the Chairman moved to the Resolutions.

Resolution #2010-34
Resolution Authorizing the Executive Director to Create a
Section 8 Project Based Voucher Program

Chairman D'Orazio called for a motion to approve Resolution #2010-34. A motion was made by Commissioner Asselta; seconded by Commissioner Burk. The following vote was taken:

Commissioner Sharon Dauito-Baxter	(Absent)
Commissioner Beatrice Corbin	(Yes)
Commissioner Joseph Asselta	(Yes)
Commissioner Sheila Brown-Saunders	(Absent)
Commissioner Vickie Burk	(Yes)
Chairman Robert A. D'Orazio	(Yes)

Resolution #2010-35
Revisions to the Section 8 Program Administrative Plan

Chairman D'Orazio called for a motion to approve Resolution #2010-35. A motion was made by Commissioner Corbin; seconded by Commissioner Burk. The following vote was taken:

Commissioner Sharon Dauito-Baxter	(Absent)
Commissioner Beatrice Corbin	(Yes)
Commissioner Joseph Asselta	(Yes)
Commissioner Sheila Brown-Saunders	(Absent)
Commissioner Vickie Burk	(Yes)
Chairman Robert A. D'Orazio	(Yes)

Resolution #2010-36
Resolution Authorizing Formation of a Limited Liability Company Affiliate

Chairman D'Orazio questioned this resolution and the next because they indicated authorization from a Vice Chairman and the Board currently does not have the position filled. Mr. Achatz stated if there is a vacancy in the officers it just means you do not have anyone able to fulfill that responsibility. He expects to complete all the documentation within the next day or two and does not believe this makes any difference.

Chairman D'Orazio called for a motion to approve Resolution #2010-36. A motion was made by Commissioner Burk; seconded by Commissioner Asselta. The following vote was taken:

Commissioner Sharon Dauito-Baxter	(Absent)
Commissioner Beatrice Corbin	(Yes)
Commissioner Joseph Asselta	(Yes)
Commissioner Sheila Brown-Saunders	(Absent)
Commissioner Vickie Burk	(Yes)
Chairman Robert A. D'Orazio	(Yes)

Resolution #2010-37
Resolution Authorizing Modernization of Parkview and Asselta Developments
Using the Mixed-Finance Method

Chairman D'Orazio called for a motion to approve Resolution #2010-37. A motion was made by Commissioner Corbin; seconded by Commissioner Asselta. The following vote was taken:

Commissioner Sharon Dauito-Baxter	(Absent)
Commissioner Beatrice Corbin	(Yes)
Commissioner Joseph Asselta	(Yes)
Commissioner Sheila Brown-Saunders	(Absent)
Commissioner Vickie Burk	(Yes)
Chairman Robert A. D'Orazio	(Yes)

No comments from the press and/or public. No comments from the Board Members. Mr. Nutt-Powell stated he appreciates the thoughtfulness, attentiveness and all the hard work everyone has put on this. This is not easy stuff to understand and is not how any of us ordinarily do business, but it is how this organization and its new affiliates can make a difference in Vineland. Mr. Nutt-Powell congratulated the Board on its decision to move forward with this process.

With no further business to discuss, Chairman D'Orazio entertained a motion for adjournment of the Special Meeting. A motion was made by Commissioner Asselta; seconded by Commissioner Burk. The vote was carried unanimously by the Board Members present.

The Regular Meeting of The Board of Commissioners was adjourned at 7:15 p.m.

Respectfully submitted,

Jacqueline S. Jones
Secretary/Treasurer