

Housing Authority of the City of Vineland

REGULAR MEETING
Thursday, October 17, 2013
7:00 p.m.

The Regular Meeting of the Housing Authority of the City of Vineland was called to order by Chairman Robert A. D’Orazio on Thursday, October 17, 2013, at 7:00 p.m. at the office of the Authority located at 191 W. Chestnut Avenue, Vineland, New Jersey 08360.

The following Commissioners were present:

Commissioner Chris Chapman
Commissioner Elizabeth Gordon
Commissioner Carmen Nydia Diaz
Commissioner Mario Ruiz-Mesa (Absent)
Commissioner Brian Asselta
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 – Accountants, Rick Ginnetti, Consultant – The Brooke Group and Gloria Pomales, Executive Assistant.

Chairman D’Orazio read the Sunshine Law.

The Chairman entertained a motion to approve the minutes of the Regular Meeting held on September 19, 2013. A motion was made by Commissioner Asselta and seconded by Commissioner Diaz. The following vote was taken:

Commissioner Chris Chapman (Abstain)
Commissioner Elizabeth Gordon (Yes)
Commissioner Carmen Nydia Diaz (Yes)
Commissioner Mario Ruiz-Mesa (Absent)
Commissioner Brian Asselta (Yes)
Chairman Robert A. D’Orazio (Yes)

Chairman D’Orazio called for the Financial Report from Avena’s office. Linda Cavallo reviewed the Financial Report for the twelve months ending September 30, 2013.

Chairman D’Orazio requested the Executive Administrative Report. Mrs. Jones reported the federal shutdown did not have any effect on the VHA other than it was not able to get any calls from HUD. The shutdown would have not affected the VHA until the end of the year because the funding was already appropriated.

Mrs. Jones spoke about the GAP (Growth and Performance) analysis process. She briefly reviewed the GAP factors: distance between scattered sites, employee benefits and post-retirement benefits, funding uncertainties and succession planning. The VHA decided to tackle the funding uncertainties first and as it related to the RAD (Rental Assistance Demonstration) project. There has been several meetings and discussions with and without the VHA’s consultant, Rick Ginnetti. The VHA has reached a point where it will present to the Board tonight on the RAD project. There is not anything

definite yet. There are some answers that we could not get because of the government shutdown. The RAD process will be discussed in further detail later in the meeting with the VHA's consultant, Rick Ginnetti. In regards to the distance between the scattered sites – in the process of working on the RAD issue we found that the scattered sites became a factor in the decision making. This will be further discussed during Mr. Ginnetti's presentation.

Mrs. Jones reported the all waiting lists will be closed on October 31, 2013. There are more than enough applicants right now on all of the waiting lists to satisfy the turnover. They will be closed and purged. They may be open again in 3-6 months depending on the outcome of the purge. It does not make sense to have more than a year's worth of applicants on a waiting list. The VHA's elderly/disabled list has over 600 applicants right now. Last year the VHA turned over 88 units in all of the VHA's unit.

Mrs. Jones stated the Melrose Court Project is moving forward. There is a resolution tonight that is being redone because NJHMFA did not like our wording in our previous resolution. Our previous resolution referred to the funding that the VHA has committed to this project as "homeownership funds", but it could give someone the impression namely the NJHMFA Board that this money had to be used for homeownership and the Melrose project is a rental project.

With no other discussion in related matters the Chairman moved to New Business. Mrs. Jones distributed a RAD Analysis Chart. Mrs. Jones explained the chart is a picture of the results of our RAD analysis. Mr. Ginnetti ran the numbers on the HUD spreadsheet projecting income, expenses and what, if any, borrowing power the AMP's would have under the RAD scenario. The income and expense numbers were checked against the VHA's current numbers to make sure they were valid. Mrs. Jones explained the VHA has 4 AMP's (Asset Management Projects) scattered sites, Parkview/D'Orazio, Tarkiln/Asselta and Kidston/Olivio. They are grouped for financial purposes. Mrs. Jones briefly explained the chart indicating income and expenses as well as a reserve amount. There is also a net operating income. The net operating income for scattered sites is a negative dollar amount. All the other AMP's are in the positive. With a positive number the calculation will show how much debt those numbers can support. Mrs. Jones reviewed how much debt for each AMP's is available. It comes to about \$4.5 million dollars. This means that all the projects except for scattered sites would be viable RAD project. There was discussion regarding the outstanding bond debt of \$4.6M and how this would impact the RAD decision. The possibility of a disposition plan for the scattered sites was also discussed. In addition, the fact that D'Orazio Terrace is in need of major renovation was discussed.

Mrs. Jones reported the VHA spoke with its other consultant Robert Olszewski in regards to a plan on how to deal with the scattered sites and this sort of lead to the direction of the fact that the VHA has 72 homes and 13 of them must be sold due to private well and septic. It was also suggested to retain some of the homes because that is really part of the VHA's mission. It was reviewed further. If the VHA retained some of the homes the VHA would not be able to raise the capital to pay off the bond debt. It is at a standstill at that point. These are just suggestions. Mrs. Jones stated depending on the conversation tonight we can go back and redo some of the scattered sites work. Mrs. Jones wants to point out on the analysis chart the total operating expenses for the scattered sites is \$8,236 per year per home. This is high compared to the other sites.

Commissioner Diaz asked if these homes can be sold to the tenants. Rick Ginnetti stated currently the VHA could not sell these homes to a tenant or anybody else. There is a HUD process prior to making them available to the existing tenant if they would qualify. This would be called a Section 32 Disposition Plan. The VHA would be required to offer the homes to the tenant who is living in the property first. Thereafter, it should be offered to other tenants of the housing authority, Section 8 residents of the housing authority and then low to moderate income people eligible to enter into public housing. Under a Section 32 you would not be able to sell the house to people who make

over 80% of the area median income. This will have to be thought about because of certain factors such as how quickly they would sell them, the sale cost, some that may need additional work and private well and septic systems. It would need to be discussed how to package this to dispose of the scattered sites efficiently and economically as well as receiving HUD approval.

In terms of the Rental Assistance Demonstration Program (RAD), HUD has approved this program. The Administration is very pro-portable subsidized housing. This is a program that this Administration is pushing because they want to maintain subsidized housing. The model that we are currently using does not work because there is not enough money. The Administration is saying to Housing Authorities that they have this aging housing stock and it may look okay today, but over a 10-20 year period they will need a lot of money to maintain the units in the condition that they are in today. The Capital Fund program is what the Housing Authority generally uses to do Capital Improvements. This has been cut by approximately 50% and will most likely not be available in 10-20 years from now. With the RAD program HUD is saying to consider operating more like a private sector entity in order to take its assets and find other sources of money. HUD is currently providing a certain amount of money with the RAD program. They would lock that amount in and it would be the minimum baseline the Authority will receive. It will not go down or fluctuate. HUD would also remove the public housing restrictions off the properties with the respect to HUD regulations, but not in respect to the subsidy or affordability to the tenant. This will enable the Authority to go out and get mortgages to borrow the money needed for rehabilitations and provides an opportunity to Housing Authorities that they did not have because you can't use low income housing tax credits on a housing authority owned property. This will enable housing authorities to transfer the property to the other entity and be able to get the low income housing tax credit equity, which is essentially money that you can get that you don't have to pay back. You can leverage the financing of the mortgage. You can obtain several different assets that are available to the big private affordable housing development. This will enable you to generate the money you need for rehabilitation. Again, this is setting aside the bond issue because that is a major issue. Mr. Ginnetti reviewed the chart analysis in regards to D'Orazio. It is believed there is additional needs that are outside of what the physical needs assessment shows including how to make it more marketable. Mr. Ginnetti has put a budget together based on the needs at D'Orazio that would allow over \$5.5 million worth of work on this property, pay for all soft costs, pay development fees and it would be fully funded with tax credits, first mortgage of over \$700,000 and about a little under a million dollars in Federal Home Loan Bank proceeds. Generating all these funds under the RAD program - none of which are available to the Housing Authority today. This will also enable you to end up with a cash flow and allow you to put away money on a yearly basis into a Reserve Fund. HUD currently does not allow you to have reserves of greater than four to six months. Once you are in the RAD program you are private and can save as much money as you want.

The VHA's problem in the short term is the outstanding bond. The VHA will not be able to do a full RAD on all its properties while the bond is outstanding. The numbers on the scattered sites do not work. When you look at the needs that the scattered sites have over time, they really do not work. There is a huge number needed to go into those homes over that time period. The scattered sites could be disposed. Obviously, a RAD does not work as a disposition technique, but HUD allows for a Section 18 disposition plan. The option would be to dispose of them through an affordable home ownership plan or selling at market value. This will enable the Authority to generate the income it needs to pay off the bond to be able to move forward on everything else. The best way to dispose of the Scattered Sites will take some research as to what the best course of action is and what they are really worth. Mr. Ginnetti feels this analysis is a must. It is also necessary to have a conversation with HUD and the special application center at HUD to see if they would allow some kind of split. Taking the 13 units with septic systems and sell them as is, do some under a homeownership plan, and the rest being sold using realtors at market value. It is very unique because usually when you deal with HUD on a disposition plan you are dealing with one project located on one city block. This is unique because it is scattered.

Mrs. Jones asked if HUD allowed the VHA to sell the properties and not offering them to the residents will the VHA be able to apply for Section 8 vouchers for those residents living in those property so they can take that voucher and go rent another house that is affordable? Mr. Ginnetti stated he believes according to the regulation the VHA would apply for the vouchers and they would be automatically tenant protection vouchers. The VHA would receive 72 vouchers and issue them to the tenants. He believes the tenants would have the opportunity to move somewhere else with the vouchers or if the houses were sold to small investors they may be able to stay in the house they are in with the voucher. Mrs. Jones stated in no way would anyone lose their housing. As part of the disposition plan the VHA would have to create a relocation plan that ensures that the residents would receive comparable housing or better. Their rents would not go up and the VHA would provide surety that they would be able to maintain it for 4 years unless they get evicted for non-payment of rent. The VHA has to set up a program that protects the tenant's ability to maintain affordable housing.

Mrs. Jones stated she knows this is a lot of information. She asked the Board for any comments, questions and/or suggestions. Mr. Gabage asked if Mr. Ginnetti knew if the bonds could be prepaid. Mr. Ginnetti stated in the State of New Jersey you can pre-pay them and can refinance them. If the Authority does a homeownership disposition of the scattered sites and sold 12 or 13 homes the Authority could refinance that note. The plan would be to alleviate D'Orazio's responsibility to that piece of the repayment allowing D'Orazio as a RAD while the Authority disposes of the rest of the scattered site units. The key is not to let D'Orazio Terrace to decline. Mr. Gabage asked if there was any penalty for prepaying the amount. Mr. Ginnetti stated there is no penalty. Mr. Gabage asked if there was any restrictions on the money from the scattered sites on its use. Mr. Ginnetti stated yes. It would have to be approved to be used for the repayment of the bond. The statutory restriction is that it has to be used to further the goals of affordable housing.

Mrs. Jones stated we were looking at this RAD opportunity at a quick pace because there is a December 31, 2013, deadline for the 60,000 units that have been approved for this conversion. She does not believe any longer that this deadline is an issue for the VHA because there is no way we could meet that deadline anyway because we are faced with the complication of the bond debt.

Chairman D'Orazio asked to refresh his memory and for the benefit of the new commissioners where the bond debt came from. Commissioner Chapman stated it came from Capital Leveraging. Chairman D'Orazio does not recall that the VHA has ever been hamstrung from doing anything because of this and now we are saying we can't move forward because of it. Mrs. Jones stated it is a block because of the RAD formula. It sits out there like a lean on everything basically.

Commissioner Chapman stated at the time the VHA did Capital Leveraging, which goes back about 8-9 years. The housing authority was just beginning to transition into a more GAAP type of accounting system. The concept of debt or liability was really foreign to a housing authority. The VHA received money from subsidy and the capital fund every year. At the time the VHA was made aware of an opportunity to fast forward the availability of the capital funds. This was done in order to rehabilitate Asselta Acres, which was in dire need of repair. Mrs. Jones stated in no way does any of this mean it was a bad move. She believes it was a great move at the time. Commissioner Chapman stated it was a way to upfront and get some capital into the account using the capital leveraging to enable the Authority to make the improvements.

Commissioner Chapman asked if the Authority switches to RAD does capital funding go away. Mr. Ginnetti stated the Authority would no longer get capital fund, but will get the same amount of money. HUD will guarantee the amount of money. Mr. Ginnetti explained they are going to basically put a project based voucher and indicated what your rent should be. They will guarantee it and it will be

a 20 year contract. The advantage of this now that has changed since July is that they are saying this is guaranteed at the minimum of 2012 funding amounts.

Commissioner Chapman asked if the local municipality would have to pass a resolution in support of converting to RAD. Mr. Ginnetti stated in terms of the application they do not. Once the Authority starts moving the projects into entities with tax credits the Authority will need a resolution of support and PILOT agreement from the local municipality. The Authority's cooperation agreement will no longer exist because the Authority will not be the property owners. The new entities will have to get a PILOT to maintain the payment in lieu of taxes. Mrs. Jones stated this is something that was received for the Melrose Project.

Commissioner Chapman asked what would be Mrs. Jones' proposed steps to the Board on a timeline depending upon the sentiment of the Board as far as an implementation of moving from the way the authority is today. Mrs. Jones stated the purpose for tonight is to find out if everyone is thinking in the same line as far as the scattered sites and if anyone has any objection as far as disposing of them. Commissioner Chapman feels the scattered sites are huge liability to the Authority short term and long term. He certainly believes the Authority needs to have a very comprehensive disposition policy. As far as moving to RAD and/or Tax Credit, Commissioner Chapman asked Mrs. Jones if she feels this is a Board decision. Mrs. Jones stated yes because this is transformational. The Board would need to empower the administration to move from its current business model to a RAD & Tax Credit model. Commissioner Chapman asked if this is all one decision on all the AMP's or decide on property by property basis. Mrs. Jones stated what is being presented is an overall concept of where we see the future. We know the Authority cannot convert to RAD right now because we have the bond debt. The Authority knows it can work on the debt by working through disposition of the 72 scattered site homes. At the same time the Authority needs to move forward on the redevelopment process of D'Orazio because Mrs. Jones suspects disposing of those homes is going to take a couple of years at least. Mrs. Jones states she would like to have a conference call with the HUD RAD team along with the VHA's administrative team and Rick Ginnetti to review and see if HUD will support what the VHA is thinking it would like to do. Also to get some ideas based on what other housing authorities have done and the other experiences they have to guide the VHA through this.

This decision the Board makes now echoes for those who may be sitting on the Board 5-10 years down the road. Commissioner Chapman stated we need to recognize this and realize if we start this process anything going forward could change such as rules at HUD and/or administration changes.

Mrs. Jones stated another 30 days is needed to get some answers from HUD on the overall process and picture of our authority of where we are at and where we think we want to go. We need answers on the scattered sites and relocation and/or homeownership program. The deadline of December 31st needs to be discussed as well. In regards to D'Orazio, an RFP may need to be worked on for a developer. The RFP will be issued for developers to provide ideas for the property. An appointment is necessary with HUD to get better information. The only thing to decide tonight is for the Board to approve the Executive Director to pursue questioning HUD for more information. The Board agreed. Mrs. Jones will pursue with the VHA senior staff and Mr. Ginnetti and will come back next month with more information.

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

Resolution #2013-77
Resolution to Approve Monthly Expenses

Chairman D'Orazio stated Commissioner Ruiz-Mesa reported he reviewed all the bills and recommended payment in the sum of \$737,509.11. Commissioner D'Orazio called for a motion to approve the monthly expenses. A motion was made by Commissioner Asselta; seconded by Commissioner Chapman. The following vote was taken:

Commissioner Chris Chapman	(Yes)
Commissioner Elizabeth Gordon	(Yes)
Commissioner Carmen Nydia Diaz	(Yes)
Commissioner Mario Ruiz-Mesa	(Absent)
Commissioner Brian Asselta	(Yes)
Chairman Robert A. D'Orazio	(Yes)

Resolution #2013-78
Resolution Voiding Checks not present for payment as of September 30, 2013

Chairman D'Orazio called for a motion to approve Resolution #2013-78. A motion was made by Commissioner Asselta; seconded by Commissioner Chapman. The following vote was taken:

Commissioner Chris Chapman	(Yes)
Commissioner Elizabeth Gordon	(Yes)
Commissioner Carmen Nydia Diaz	(Yes)
Commissioner Mario Ruiz-Mesa	(Absent)
Commissioner Brian Asselta	(Yes)
Chairman Robert A. D'Orazio	(Yes)

Resolution #2013-79
Resolution Approving a Current Utility Allowance Schedule

Chairman D'Orazio called for a motion to approve Resolution #2013-79. A motion was made by Commissioner Asselta; seconded by Commissioner Chapman. The following vote was taken:

Commissioner Chris Chapman	(Yes)
Commissioner Elizabeth Gordon	(Yes)
Commissioner Carmen Nydia Diaz	(Yes)
Commissioner Mario Ruiz-Mesa	(Absent)
Commissioner Brian Asselta	(Yes)
Chairman Robert A. D'Orazio	(Yes)

Resolution #2013-80
Resolution Authorizing Contracts with Approved National Contract Vendors

Chairman D'Orazio called for a motion to approve Resolution #2013-80. A motion was made by Commissioner Asselta; seconded by Commissioner Chapman. The following vote was taken:

Commissioner Chris Chapman	(Yes)
Commissioner Elizabeth Gordon	(Yes)
Commissioner Carmen Nydia Diaz	(Yes)
Commissioner Mario Ruiz-Mesa	(Absent)
Commissioner Brian Asselta	(Yes)
Chairman Robert A. D'Orazio	(Yes)

Resolution #2013-81
Resolution Authorizing Contracts with Approved State Contract Vendors

Chairman D’Orazio called for a motion to approve Resolution #2013-81. A motion was made by Commissioner Chapman; seconded by Commissioner Asselta. The following vote was taken:

Commissioner Chris Chapman	(Yes)
Commissioner Elizabeth Gordon	(Yes)
Commissioner Carmen Nydia Diaz	(Yes)
Commissioner Mario Ruiz-Mesa	(Absent)
Commissioner Brian Asselta	(Yes)
Chairman Robert A. D’Orazio	(Yes)

Resolution #2013-82
**Vineland Housing Authority to Commit Funds for the
Vineland Housing Development Corporation’s Melrose Court Project**

Mrs. Jones explained the previous resolution for committing these funds was titled Vineland Housing to Commit Homeownership funds to the Melrose Court Project and also stated in the body of the resolution about homeownership funds. Homeownership was removed and clarified the terms and NJHMFA is now satisfied. Chairman D’Orazio called for a motion to approve Resolution #2013-82. A motion was made by Commissioner Asselta; seconded by Commissioner Diaz. The following vote was taken:

Commissioner Chris Chapman	(Abstain)
Commissioner Elizabeth Gordon	(Yes)
Commissioner Carmen Nydia Diaz	(Yes)
Commissioner Mario Ruiz-Mesa	(Absent)
Commissioner Brian Asselta	(Yes)
Chairman Robert A. D’Orazio	(Yes)

Resolution #2013-83
Resolution to Enter Executive Session

Chairman D’Orazio entered a motion to hold an Executive Session. The motion died for lack of need.

Resolution #2013-84
**Resolution Approving Application for Payment No. 13
for Melrose Court Predevelopment Loan**

Chairman D’Orazio called for a motion to approve Payment No. 13 for Melrose Court Predevelopment Loan in the amount of \$4,800. A motion was made by Commissioner Asselta; seconded by Commissioner Diaz. The following vote was taken:

Commissioner Chris Chapman	(Abstain)
Commissioner Elizabeth Gordon	(Yes)
Commissioner Carmen Nydia Diaz	(Yes)
Commissioner Mario Ruiz-Mesa	(Absent)
Commissioner Brian Asselta	(Yes)
Chairman Robert A. D’Orazio	(Yes)

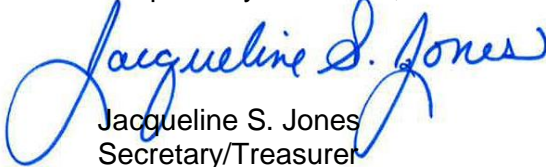
No comments from the press and/or public. Chairman D'Orazio stated the Chairman usually appoints a committee for the reorganization for the upcoming year. It is normally done in November and they report to the Board in December. Chairman D'Orazio would like to put together a committee at this meeting to report back at the next meeting. He stated unless he gets his arm twisted very, very strongly his term is up November 23rd and he really doesn't think he wants to serve another 5 years. Chairman D'Orazio has been on the Board for 21 years and it has been a long time. In the history of the housing authority there has only been three commissioners (Joe Asselta, Bob Brown, and Beatrice Corbin) that have been here longer. He would like to put together a committee of the three commissioners who will have the longest term left on the Board. They will be Commissioners Chapman, Asselta and Ruiz-Mesa. Their terms all run until 2016. He believes they should have a say in how the Board will be run going forward. Chairman D'Orazio would like them to come back with a recommendation for a Chairman and Vice Chairman at the next meeting. He believes and his opinion is that Commissioner Chapman should be the new Chairman because of his knowledge.

Commissioner Diaz asked if the positions would be voted on. Chairman D'Orazio explained the Committee will make a recommendation to the Board and the Board will then vote. Mr. Gabage further explained the meeting is normally turned over to him and he asks for the Chairperson of that Committee for the recommendations. Mr. Gabage will then ask if anyone else would like to nominate anyone. It is open for nominations. The committee will just make a recommendation. If somebody else on the Board would like to recommend somebody else it is open for recommendation.

Chairman D'Orazio stated he understands the VHA has a lot going on right now, but he does not see himself staying another 5 years. He does not want to start something he does not finish. It is on City Council to keep the Board at a full seven members and they never do. It is not the VHA's responsibility although it always falls on the VHA to fill the opening.

With no further business to discuss, Chairman D'Orazio entertained a motion for adjournment of the Regular Meeting. A motion was made by Commissioner Chapman; seconded by Commissioner Asselta. The vote was carried unanimously by the Board Members present. The Regular Meeting of the Board of Commissioners was adjourned at 9:00 p.m.

Respectfully submitted,


Jacqueline S. Jones
Secretary/Treasurer