

Housing Authority of the City of Vineland

REGULAR MEETING **Thursday, October 15, 2020** **5:00 p.m.**

The Regular Meeting of the Housing Authority of the City of Vineland was called to order via video teleconference by Chairman Ruiz-Mesa on Thursday, October 15, 2020 at 5:00 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 | (absent) |
| Commissioner Rudolph Luisi | (absent) |
| Commissioner Alexis Cartagena | |
| Commissioner Gary Forosisky | |
| Commissioner Daniel Peretti | (absent) |
| Commissioner Brian Asselta | |
| Chairman Mario Ruiz-Mesa | |

Also present were Jacqueline Jones, Executive Director, Wendy Hughes, Assistant Executive Director, Charles W. Gabage, Esquire – Solicitor and Linda Cavallo – Accountant.

Chairman Ruiz-Mesa read the Sunshine Law.

Chairman Ruiz-Mesa entertained a motion to approve the minutes of the Regular Meeting held on September 17, 2020. A motion was made by Commissioner Asselta and seconded by Commissioner Forosisky. The following vote was taken:

| | |
|-------------------------------|----------|
| Commissioner Chris Chapman | (Absent) |
| Commissioner Rudolph Luisi | (Absent) |
| Commissioner Alexis Cartagena | (Yes) |
| Commissioner Gary Forosisky | (Yes) |
| Commissioner Daniel Peretti | (Absent) |
| Commissioner Brian Asselta | (Yes) |
| Chairman Mario Ruiz-Mesa | (Yes) |

Chairman Ruiz-Mesa called for the Financial Report from the Fee Accountant. Linda Cavallo reviewed the Financial Report for the year end September 30, 2020.

Executive Director's Report:

Chairman Ruiz-Mesa requested the Executive Administrative Report.

The VHA has an accounts receivable COVID issue that has been ongoing since the beginning of the pandemic. The Authority has some residents who are not paying their rent. Mrs. Jones believes there was some miscommunication possibly when the Governor stated that renters would not be evicted for not paying their rent. Most of the unpaid rent is attributed to the families in the amount of \$58,000 due. Discussion was had regarding the Authority's attempts to contact the residents regarding their unpaid rent. Contacting the residents will continue with attempts to enter repayment agreements.

Committee Reports: None.

Old Business: Mrs. Jones stated Consultant, Rick Ginnetti is here tonight to update the board on the Kidston and Olivio RAD conversion, discuss of the disposition of the Scattered Sites as well as the relation to the D'Orazio redevelopment.

Rick Ginnetti provided an update on the Kidston/Olivio RAD conversion transaction. Over the last couple board meetings, the Board has passed a few resolutions for the RAD conversion. The RAD conversion is in its final stages of the document preparation that is required to have closing. The VHA is pushing HUD to close by the end of October. The final mortgage, which is the amount to sell the bond to Ocean First will be \$3,375,000. At the start of this transaction a year and half ago with Ocean it was a \$2.4 million dollar mortgage. Roofs will be replaced on both buildings, new windows at Olivio, new plumbing at Kidston, cleaning up the exterior at both buildings, new bathrooms in the common areas in buildings, new water filtration system and from there the VHA can see where they are with rehabilitation. Rick foresees a closing in the next 30 days which would mean the HAP contract starts officially December 1st. The work being done at Kidston and Olivio is expected to take approximately 18 months. There will be some resident relocation involved during the construction period.

Rick discussed D'Orazio and Scattered Sites because they are combined in how the VHA operates. The last time Rick was at a VHA Board Meeting was in February 2020 and concluded the interviews with developers for D'Orazio. Three separate development entities were interviewed to possibly partner with the VHA on D'Orazio. At the March meeting it was planned to discuss those three developers and see what the next steps were. The March 2020 meeting was cancelled due to COVID. The meeting never happened and in one sense it was probably fortunate because in September 2020 HUD sent out a notice on the use of sale proceeds. The sale proceeds would come from the scattered sites. The 72 scattered sites appraised value is approximately \$8 million dollars.

When you have sale proceeds from a public housing property you must use it for public housing. Back in January 2020 the VHA was saying to HUD that we would take the sale proceeds and use them on possible future RAD projects because they did not have a notice out on it yet and the VHA did not know how long D'Orazio would take, but also would use proceeds at the VHA's existing RAD projects for upgrades. When HUD put their notice out in September 2020 the requirements for sales proceeds changed. The notice states that you can use the proceeds for RAD, but the funds must be part of a RAD conversion. For example, as the Authority is currently converting Kidston and Olivio we would have had to tell HUD the money would be used for windows, bathrooms and roofs, but you cannot retroactively put it in. The next part of the notice is if the authority does not have any public housing units left when you finish the disposition and you have sale proceeds there is nothing you can do with the money so the proceeds would have to be returned to HUD.

It is important to realize that if HUD is saying you need to have these houses sold, accumulate that money and still have a public housing project that you can use the money at. Rick believes the Board must decide on whether it wants to put D'Orazio on hold and move full steam ahead on selling the scattered site units so that it can get that money set aside for D'Orazio. Rick asked if anyone had any questions on this now before discussing how the scattered sites would be sold.

Chairman Ruiz-Mesa stated if he understands correctly, approval from the Board is required to give authorization to sell the scattered site homes as well as put D'Orazio on hold. Mrs. Jones stated yes that is what on the table.

Commissioner Forosisky asked Mrs. Jones to elaborate on D'Orazio Terrace being the last public housing project for the housing authority. Mrs. Jones explained that several properties have been converted to RAD, which are Asselta, Tarkiln, Parkview and the next two would be Kidston and Olivio. Once they are converted from Public Housing to RAD, they are no longer considered Public Housing. They are considered Section 8 Project Based units with Housing Assistance Payment (HAP) Contracts. The VHA's remaining Public Housing project would consist of the Scattered Site homes and D'Orazio Terrace.

Discussion was had that the residents living in the scattered site homes would be issued vouchers or they may wish to pursue owning the home. Residents would obtain their owning financing, but the VHA would assist with homeownership counseling.

Commissioner Forosisky stated Rick had mentioned that the developers could take a few years for the tax credits and wanted to know if any of the developers have their credits already. Rick stated the developers cannot get their credits until they have a project. The 9% tax credits are competitive and the HMFA usually does a yearly cycle and developers put in their proposals, but they need to have the project all worked out and ready to go. Once they are awarded the credits then they sell the credits after the award. On 4% tax credits, you do not have to wait for the yearly cycle, but you can't get the credits until you present the project to HMFA with site control, approval for pilot, all the building plans, contractors etc. all these things need to be in before you would be issued the ability to sell credits.

Commissioner Forosisky asked if the Newcomb site that was proposed is not a good option. Rick stated that is a different site and if there are credits awarded for Newcomb those credits are for Newcomb, but that is not D'Orazio. The Newcomb credits are not for D'Orazio.

Rick explained the reason the scattered site project and D'Orazio are tied together is D'Orazio can use the proceeds from the scattered sites. The problem is the possibility of losing the proceeds from the sale of the scattered sites. The reason to sell the scattered sites first would be to enable the Authority to use the proceeds from the sale of the scattered sites on the D'Orazio Terrace project.

Commissioner Forosisky asked if there was a way to do both projects. Rick stated you can do both projects but they need to be staged. Commissioner Forosisky indicated the Newcomb project where he believes the developer already has the approvals and can renovate the D'Orazio property.

Commissioner Forosisky asked what cost is there for the Housing Authority to be involved with a developer. Rick stated it depends on the proposal the developer makes. There is usually gap funding the developer may need and they look at the housing authority to fill that gap. The Authority can also lose the benefit of receiving the management fees and administrative fees if they are no longer the management entity. Commissioner Forosisky asked if after meeting with the developers if there has been a review of their proposals with a financial proforma based on their proposals. Rick stated all the developers provided financial proformas and the Board was going to dig into it deeper in March 2020, but then COVID arrived.

Rick states the questions today is which way to move forward. Chairman Ruiz-Mesa stated it does not make any sense to lose \$5-6 million dollars (net of the \$8M appraised values of the homes.) Commissioner Forosisky stated his intention is never to lose anything. He asked if there has been a financial review in regard to the legacy cost for the employees that Authority has. He would imagine the disposition of 72 scattered sites would also reduce the amount of maintenance staff and what would happen to that staff. Mrs. Jones stated at most we would need one less maintenance person without the scattered site homes. Mrs. Jones stated Rick was referring to the Housing Authority's post-employment health benefits as well as pension obligation. The post-

employment health benefits are a significant amount. Rick stated the legacy costs are involved in every project being done. When the project is converted part of that legacy dollar amount is included in the budget to come back to the Central Office Cost Center to continue to pay the health benefits and pension for those employees who are retired.

The Authority has been infusing the operating budgets of the scattered sites with hundreds and thousands of dollars of Capital funds. By removing the scattered sites, the Authority is actually gaining. Therefore, the Capital Fund money and the RAD conversion funding goes back to the properties that it belongs to. Scattered site properties have been syphoning money from the other properties for years and by removing them the Authority does not have that expense and the money can go back to the properties where it belongs.

Commissioner Forosisky asked if a thorough study on the on the legacy cost of the Housing Authority had been done. Mrs. Jones asked if the question is if the Authority has an actuarial study. Mrs. Jones explained that in the audit are the figures from the actuary study from the State of NJ. These figures are liabilities on the Authority's balance sheet. The Pension Liability for the Year-Ending 2018 is \$8 million dollars and the other post-employment benefits (health benefits) are \$5.8 million dollars.

Commissioner Forosisky asked if the scattered site homes are sold can you put the money in the bank and is there a certain amount of time you must spend it. Rick stated if the Authority has an active plan for the money you can keep it in the bank until you implement your active plan. HUD would do quarterly reviews of your active plan. They have the right at any time to say your not making progress and take the money back. Commissioner Forosisky requested confirmation that there was not any risk of losing money by selling the 72 homes. The money can be put in the bank and come up with a Plan A and then a Plan B what are you going to do with the money. Rick informed Commissioner Forosisky that a lot of the discussion regarding the scattered site information was done prior to him becoming a Board Member. This has been reviewed with the residents and the City and met with the Mayor on the Scattered Site disposition.

Rick stated with the sale of these properties the Authority will have the ability to apply for tenant protection Section 8 Vouchers. Discussion was had regarding communication with the scattered site residents to inform them of all the possibilities available to them for their housing.

Mrs. Jones asked with proceeding with the sale of the scattered site homes if those funds are not in the financial plan for the RAD conversion for D'Orazio what happens. Rick stated if they are not part of the financial plan that is submitted to HUD for them to approve the transaction the funds from the scattered sites cannot be used for D'Orazio Terrace. Once you submit the financial plan for D'Orazio and then you sell house then you can't use that money any longer. You want to have the money in the bank before submitting the financial plan to HUD. Commissioner Forosisky asked as of today if there is no risk of losing any money selling the scattered site homes. Rick stated as of today there is no risk, but once we submit the financial plan to HUD for RAD at D'Orazio then that money is blocked from being used at D'Orazio.

Chairman Ruiz-Mesa summarized that the VHA has the approval from HUD and the opportunity to sell the scattered sites homes and place the money in the bank to use for D'Orazio. If the Authority does not do this it risks losing approximately \$8 million dollars. Chairman Ruiz-Mesa asked for a motion to authorize the Executive Director to move forward with the sale of the scattered site homes. A motion was made by Commissioner Forosisky; seconded by Commissioner Asselta. The following vote was taken:

| | |
|-------------------------------|----------|
| Commissioner Chris Chapman | (Absent) |
| Commissioner Rudolph Luisi | (Absent) |
| Commissioner Alexis Cartagena | (Yes) |
| Commissioner Gary Forosisky | (Yes) |
| Commissioner Daniel Peretti | (Absent) |
| Commissioner Brian Asselta | (Yes) |
| Chairman Mario Ruiz-Mesa | (Yes) |

New Business: None.

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

Resolution #2020-61
Resolution to Approve Monthly Expenses

Chairman Ruiz-Mesa has reviewed the expenses and recommends them for payment in the sum of \$960,577.56. A motion was made by Commissioner Asselta; seconded by Commissioner Cartagena. The following vote was taken:

| | |
|-------------------------------|----------|
| Commissioner Chris Chapman | (Absent) |
| Commissioner Rudolph Luisi | (Absent) |
| Commissioner Alexis Cartagena | (Yes) |
| Commissioner Gary Forosisky | (Yes) |
| Commissioner Daniel Peretti | (Absent) |
| Commissioner Brian Asselta | (Yes) |
| Chairman Mario Ruiz-Mesa | (Yes) |

Resolution #2020-62
Void Checks not presented for Payment

Chairman Ruiz-Mesa called for a motion to approve Resolution #2020-62. Mrs. Jones briefly discussed the list attached to the resolution. A motion was made by Commissioner Asselta; seconded by Commissioner Cartagena. The following vote was taken:

| | |
|-------------------------------|----------|
| Commissioner Chris Chapman | (Absent) |
| Commissioner Rudolph Luisi | (Absent) |
| Commissioner Alexis Cartagena | (Yes) |
| Commissioner Gary Forosisky | (Yes) |
| Commissioner Daniel Peretti | (Absent) |
| Commissioner Brian Asselta | (Yes) |
| Chairman Mario Ruiz-Mesa | (Yes) |

Resolution #2020-63
Accounts Receivable Decreed as Uncollectible

Chairman Ruiz-Mesa called for a motion to approve Resolution #2020-63. Mrs. Jones explained these are accounts that have been uncollectible for year ending 9/30/2020. A motion was made by Commissioner Asselta; seconded by Commissioner Cartagena. The following vote was taken:

| | |
|-------------------------------|----------|
| Commissioner Chris Chapman | (Absent) |
| Commissioner Rudolph Luisi | (Absent) |
| Commissioner Alexis Cartagena | (Yes) |
| Commissioner Gary Forosisky | (Yes) |
| Commissioner Daniel Peretti | (Absent) |
| Commissioner Brian Asselta | (Yes) |
| Chairman Mario Ruiz-Mesa | (Yes) |

Resolution #2020-64
Authorizing Contracts with National Contract Vendors

Chairman Ruiz-Mesa called for a motion to approve Resolution #2020-64. A motion was made by Commissioner Asselta; seconded by Commissioner Cartagena. The following vote was taken:

| | |
|-------------------------------|----------|
| Commissioner Chris Chapman | (Absent) |
| Commissioner Rudolph Luisi | (Absent) |
| Commissioner Alexis Cartagena | (Yes) |
| Commissioner Gary Forosisky | (Yes) |
| Commissioner Daniel Peretti | (Absent) |
| Commissioner Brian Asselta | (Yes) |
| Chairman Mario Ruiz-Mesa | (Yes) |

Resolution #2020-65
Authorizing Contracts with State Contract Vendors

Chairman Ruiz-Mesa called for a motion to approve Resolution #2020-65. A motion was made by Commissioner Asselta; seconded by Commissioner Cartagena. The following vote was taken:

| | |
|-------------------------------|----------|
| Commissioner Chris Chapman | (Absent) |
| Commissioner Rudolph Luisi | (Absent) |
| Commissioner Alexis Cartagena | (Yes) |
| Commissioner Gary Forosisky | (Yes) |
| Commissioner Daniel Peretti | (Absent) |
| Commissioner Brian Asselta | (Yes) |
| Chairman Mario Ruiz-Mesa | (Yes) |

Resolution #2020-66
Dispose of Furniture & Equipment Utilizing the Disposition Policy

Chairman Ruiz-Mesa called for a motion to approve Resolution #2020-66. Mrs. Jones reviewed the items listed for disposition. A motion was made by Commissioner Asselta; seconded by Commissioner Cartagena. The following vote was taken:

| | |
|-------------------------------|----------|
| Commissioner Chris Chapman | (Absent) |
| Commissioner Rudolph Luisi | (Absent) |
| Commissioner Alexis Cartagena | (Yes) |
| Commissioner Gary Forosisky | (Yes) |
| Commissioner Daniel Peretti | (Absent) |
| Commissioner Brian Asselta | (Yes) |
| Chairman Mario Ruiz-Mesa | (Yes) |

There is no need for Executive Session.

Chairman Ruiz-Mesa asked for comments from the press and/or public. No additional comments from Board Members.

With no further business to discuss, Chairman Ruiz-Mesa entertained a motion for adjournment of the Regular Meeting. A motion was made by Commissioner Asselta; seconded by Commissioner Cartagena. The vote was carried unanimously by the Board Members present. The Regular Meeting of the Board of Commissioners was adjourned at 6:31 p.m.

Respectfully submitted,



Jacqueline S. Jones
Secretary/Treasurer