

The Regular Meeting of the Board of Commissioners was convened at 12:02 pm on Wednesday, January 19, 2005 at the Housing Authority of Snohomish County.

Present: Commissioner Anderson
Commissioner Boyle
Commissioner Davis
Commissioner Goulet
Commissioner Lewis
Commissioner Vander Lugt

Excused: Commissioner Emeritus Gese

Staff: Bob Davis, Executive Director
Pete Grodt, Policy and Programs Special Assistant
Ann Schroeder-Osterberg, Director of Development, Construction and Maintenance
Duane Leonard, Finance Director
Rickie Bates, Director of Administrative Services
Manu Morgan, Tenant Based Assistance Manager
Val Sutherland, Housing Rehab Manager
Jenisa Story, Administrative Assistant

Counsel: Jay Reich, Preston, Gates & Ellis

Guests: Troy Ott, former owner of Cascade Valley Apartments
Victor Haglund, Mr. Ott's lawyer
Mars Miller, former manager of Cascade Valley Apartments
Ramonda Gates, Senior Services of Snohomish County
Ned Palmer, Bank of America

DISCUSSION OF RENTAL REHABILITATION LOAN DEFAULT

Bob introduced Troy Ott. The Housing Authority has taken preliminary steps toward foreclosure proceedings on Cascade Valley Apartments in Sultan, which was owned by Troy Ott. Mr. Ott asked to address the Board regarding this issue.

Victor Haglund, Mr. Ott's attorney, addressed the Board. He explained that Mr. Ott transferred the property to an LLC to protect against claimants. Mr. Ott is the sole owner of the LLC. While the property was technically transferred, Mr. Ott still owns the property. Mr. Haglund asked that the Housing Authority accept the transfer.

Mr. Ott also addressed the Board. He submitted and read a letter to the Board about his situation. He explained that the transfer was due to the advice of a financial planner and he did not know about the permission clause in the loan contract. Mr. Ott feels that he acted in good faith and that the Housing Authority continues to benefit from his willingness to rent to Housing Authority clients. He feels that the loan program was less financially beneficial than anticipated due to maintaining lower rents, unit damage by

tenants, and lack of rent increases from Section 8 tenants. Mr. Ott referenced his rental rehabilitation loan agreement in explaining that he feels his ten year term should have been up last September rather than in May 2005. Mr. Ott stated that he feels he complied with all aspects of the rehabilitation loan program.

Mars Miller, the former manager of Cascade Valley Apartments, read a letter she had prepared for the Board. In her letter, she explained that she believes Housing Authority staff was not helpful in working with a specific Section 8 tenant, who was causing problems at Cascade Valley Apartments. This tenant left considerable damage to the unit and caused great concern for the other residents. Ms. Miller would like to see the Housing Authority start an intervention program to help landlords deal with Section 8 residents.

Following the discussion, staff passed out a memo explaining the Housing Authority's view on the foreclosure. The Board will think over the matter and make a decision at a later date.

PRESENTATION FROM SENIOR SERVICES OF SNOHOMISH COUNTY

Ramonda Gates of Senior Services of Snohomish County spoke to the Board about her organization. Housing Social Services is a nationally recognized program of advocacy and coordination of social and health services in senior buildings. Senior Services of Snohomish County works in 25 buildings across the county; six of which are owned by the Housing Authority. Ms. Gates explained some of what their social service coordinators do. They visit sick residents, assist in evaluating residents for additional needs, and assist residents in accessing benefits through various government and non-profit agencies. Senior Services has a contract with the Housing Authority to assist those age 60 and older as well as younger disabled at six Housing Authority properties.

CONSENT ITEMS

Commissioner Vander Lugt moved for approval of consent items. Commissioner Boyle seconded and the motion passed unanimously to adopt the following:

Item D. – Approve Agenda for the January 19, 2005 Regular Meeting

Item E. – Action on Minutes of the December 15, 2004 Regular Meeting

Item F. – Resolution No. 1529 Authorizing Payment of December 2004 Expenditures

INTRODUCTION AND OATH OF OFFICE

Larry Goulet was sworn in as a new commissioner by Commissioner Ralph Davis.

INFORMATION ITEMS

Item H. – Development and Construction Progress Report

Ann Schroeder-Osterberg reported on acquisition opportunities. The Housing Authority has already expressed an interest in Sound View and Olympic View in Edmonds. The owner wants more money than the Housing Authority can pay. Staff sent a second letter of intent to the owner. The owner is concerned about Fanny Mae loan prepayment penalties, which could be upwards of \$750,000. Staff also sent a letter of intent to the owner of Currie Road Apartments in Monroe. Our offer is half a million below the asking price.

Staff is hoping to close Autumn Leaf in the next two weeks. Autumn Leaf will provide transitional housing to seven single mothers with young children. Operating funding is still needed from the County.

The First Time Home Loan Program is in the process of reviewing agreements to transfer the program to HomeSight.

Ann introduced Val Sutherland, who manages the housing rehab program. Val has heavily marketed the rehab program across the County. She shared her PowerPoint presentation with the Board. Val explained that the Housing Authority has operated the Single Family Rehabilitation Program for over thirty years. These loans focus on health and safety issues and, therefore, help people stay in their homes. Recipients have to be defined as low income by HUD and equity in the home is required. 564 families from all over the County have been helped since 1975. The number of loans per year has gone down in recent years. The average client is a senior who has lived in his or her home for over thirty years. Most desire a loan to modify his or her home for age related issues or roof repair. Staff is currently in the process of adapting the program and offering a newly created deferred loan program in order to expand the number of applicants who can qualify. Besides the Rehab Loan Program, three other programs are available in the County to help people in need of home rehab: CHIP run by the city of Everett; Minor Home Repair, which offers up to \$1500 in emergency repair funding; and the Weatherization Program to make repairs that will lessen energy costs. There is a new shift to focus on non-elderly families who can not afford loan payments.

In response to questions, Val explained that community block grants from the County fund the Rehab Loan program. Approximately \$800,000 to \$1,000,000 is loaned each year. Since the new fiscal year began in July, six loans have closed. Another 15 are in the process. This is behind schedule from the 40 loans per year goal. One reason that the Rehab Loan Program is behind its goal is that its qualification standards are more conservative than other options available in the market.

Item I. – Financial Report

Duane Leonard informed the Board that HUD was in the middle of a quality assurance audit, which should end on Friday.

Item J. – Tenant Based Assistance Report

Manu Morgan explained the December lease up and rent roll reports. The annual recertification process starts approximately four months before a client's annual month. Clients are given three weeks to turn in the required paperwork. All information has to be reviewed every year to determine the assistance level for a client.

Item K. – Asset Management Report

Steve Kehler was not in attendance to give the report.

Item L.—Administrative Services Report

Rickie Bates reported that the County had notified the Housing Authority of Larry Goulet's appointment as commissioner and Elsie Anderson's reappointment. She reminded the Board that Ralph Davis's term ends in March and he has reached his term limit. The County has moved forward with a press release for the commissioner opening. Staff has been recruiting for both the Loan Processing Assistant and the Section 8 Manager positions.

Item M. – Legal Counsel Report

Jay Reich briefed the Board on a meeting he attended with Bob Davis, another tax attorney and the Director of the Department of Revenue. He believes that the Revenue Department is inclined to rule in our favor, but as yet we have not received an answer. If the situation does not resolve itself to our satisfaction, staff could proceed with lawsuits or work with the legislature. Other local housing authorities are prepared to help financially with this matter.

Item N. – Executive Director Report

Bob updated the Board on the 2005 federal budget and how it affects the Section 8 program. Currently, the Housing Authority has received enough HAP funding, but the Admin funding was cut by \$150,000. Staff has now begun to issue vouchers again. The Housing Authority is in a good position compared to other housing authorities. We should expect the 2006 federal budget cuts to be worse.

Bob reminded the Commissioners of the NAHRO Legislative Conference in March.

EXECUTIVE SESSION

Commissioner Lewis moved to go into an Executive Session. Commissioner Vander Lugt seconded and the motion passed unanimously. The meeting was suspended and moved into Executive Session at 1:20 pm.

ACTION ITEMS

The meeting reconvened at 1:32 pm.

P. Resolution No. 1530 Approving the Delinquent Tenant Accounts Receivable

Duane explained that the delinquent tenant accounts are higher than normal. Typically, \$25,000 in delinquent accounts is for a full year, but we have already reached that amount in the first six months of the fiscal year. Many of the larger delinquent accounts are due to extraordinary circumstances and drug evictions.

Commissioner Lewis moved to approve the resolution. Commissioner Vander Lugt seconded and the motion was unanimously approved.

R. Resolution No. 1532 Amending the Budget and Position Classification Plan

Commissioner Boyle moved to approve the resolution. Commissioner Anderson seconded and the motion was unanimously approved.

Q. Resolution No. 1531 Authorization for Funding Applications to Snohomish County for Construction of New Units with Community Space and Rehabilitation of Existing Units at Fairview and East Terrace

Ann explained that once a year the County accepts applications for funding. Staff was notified that the County had more money available and is requesting new applications for funding. Staff has prepared an application for funding to construct new units with community space and rehabilitate Fairview and East Terrace. The Gates Foundation and Sound Families already have expressed interest in providing funding for services at the complexes.

Commissioner Boyle moved to approve the resolution. Commissioner Lewis seconded and the motion was unanimously approved.

S. Resolution No. 1533 Authorizing the Executive Director to Execute an Agreement with Senior Services of Snohomish County

Pete Grodt explained that this authorization would continue the existing services as explained by Ramonda Gates of Senior Services earlier in the meeting. There is an increase of around \$1000 in COLA expenditures and an additional \$4000 has been added to assist other HASCO clients as needed.

Commissioner Anderson moved to approve the resolution. Commissioner Vander Lugt seconded and the motion was unanimously approved.

T. Resolution No. 1534 Authorizing Staff to Make Available the Draft 5 Year Public Housing Agency Plan for Public Comment

Pete reported that the Housing Authority has now completed its first five year cycle and is now preparing the next five year Public Housing Agency Plan. A Resident Advisory Board helps prepare the agency plan. This year six people have participated in the process. The County is also in the middle of its plan on how to spend housing and community funds. Staff had four combined hearings with County staff about these various issues and gathered public opinion. This resolution is asking the Board to approve the plan for public comment. The schedule for the open comment period is included in the Board packet. Once approved, the plan will be in effect from July 1, 2005 to June 30, 2009. Pete presented the power point that included the main points from the Agency Plan as approved by the Resident Advisory Board.

Commissioner Lewis moved to approve the resolution. Commissioner Anderson seconded and the motion was unanimously approved.

ADJOURNMENT

There being no further business to come before the Board, Chairperson Davis declared the meeting adjourned at 2:10 pm.

Ralph Davis, Chairperson

SEAL

ATTEST:

Secretary