

## **Missoula Housing Authority Board**

Regular Board Meeting  
Wednesday, September 21<sup>st</sup>, 2022

### -MINUTES-

Members Present: Kaia Peterson, Collin Bangs, Teigan Avery, Sheena Comer Winterer, Jack Richards, Kila Shields, Erma Mack-Wilkes—via Zoom

Members Absent:

Staff Present: Lori Davidson, Jim McGrath—via Zoom, Mary Melton, Sam Oliver, Adam Ragsdale, Debbie Hibbitts

Guests Present: Ryan Sudbury

I. Call to Order: The meeting was called to order at 5:34 pm.

II. Attendance: See above

III. Approval of Minutes: Regular Board Meeting – August 17, 2022

1st: Avery

2nd: Comer Winterer

None opposed, motion passes.

IV. Commissioner Comments/Conflict of Interest Disclosure:

**Peterson:** Neighborworks Montana has launched a matched savings program in conjunction with housing stability counseling which is a covid related program to help people maintain stable rentals and home ownership. Did want everyone to know particularly to FSS coordinators and other MHA staff to help get word out to tenants, that would be helpful. Small match savings--\$500 match for \$500 saved. Opportunity to help people with budgeting and credit or counseling needs. No income qualification. Second is that Jim Morton from the Human Resource Council is retiring, and his retirement party is September 30<sup>th</sup> at Missoula College from 4:00-6:30.

V. Public Comments on items not on the Agenda:

VI. VI. Action Items:

Resolution 1141: Approving new payment standards for voucher assistance:

**McGrath:** Every year HUD issues Fair Market Rents based on census data, which are becoming increasingly controversial every year in that they don't look like real world rents at all. It's a hard, rigid cap on how much we can pay in assistance for new leases for someone moving into a new place that we have to set our payment standards at—a cap. This year the FMR's did go up—about

9%, but local market rents went up between 14%-18%, so it didn't catch up as much as we hoped it would.

MHA is currently benefitting from 2 exceptions from HUD: Success rate exception—the excess of voucher holders is very low, about 58% now—meaning for the vouchers we issue, only 58% of them will successfully lease without losing the voucher even with several people benefitting from extensions on the voucher. We also have an expedited waiver to allow us to go a little higher on our payment standards. The waiver allows us to go up to 120% of FMR. That waiver is due to expire on 12.31, but word is that HUD may extend it—that's their plan. We are proposing pushing the payment standards up to 120% of the FMR. We did some analysis reflected in the memo (attached) including: how many current tenants are experiencing rent burden—paying more than 30 or 40% of their income towards rent; the number of available units that would be affordable under our current payment standards and whether the MHA voucher program can afford the increased payment standards—which can happen as vouchers are under-utilized at this time.

There was a question about Missoula Housing Authority conducting our own rental analysis to determine a local Fair Market Rent especially in the current climate with increased inflation. Both McGrath and Comer Winterer agreed that the resources to conduct such an analysis are really not available in Missoula, and it would be an expensive and difficult task to try to undertake currently.

#### Approval of Resolution 1141

1st: Richards

2nd: Mack-Wilkes

None opposed, motion passes.

#### Approval of August 17, 2022, minutes:

1<sup>st</sup>: Avery

2<sup>nd</sup>: Comer

None opposed

#### Resolution 1142: Approving Missoula Housing Authority's FY2022 Operating Budget Revision

Hibbitts: Start with an overview of the properties. Villaggio & Trinity data is coming from what was proposed during construction. We do not yet have enough actual data to project forward. Only 1 staff hired for trinity, even salary data is anemic at the moment.

Overview of the properties: a133 data being a public not for profit we are audited every year as a public property that's what that is. MHA homes, formerly 178 public housing, it did really well, properties are run very lean. Capital improvements were done prior to conversion helped with financials going forward. FSS program, we receive the grant from HUD but its money in and out. The FSS coordinators run the program, ideally the participants move through into home ownership but even those who do not go that far are still better off for participating. helps with debt counseling, going to school whatever their path is to self-sufficiency. Business activities: All our tax credit fees fall into, the non-federalized funding that runs the agency, several salaried staff such as finance paid from this. Development activities: Properties going on currently Trinity and Villaggio. Housing Choice Voucher: All-inclusive HCV, EHV, mainstream etc. we are utilizing about 950-1000 vouchers. Every year we have more equity, this

year and moving forward, run it as a profit / loss so we can use some of the equity. Shelter Plus Care: 112 ish vouchers. Uptown: 14 units single room occupancy, stable, runs fantastic and lean. Valor House: Primarily for veterans, recent years we have added 5 bridge beds that can be non-veterans. Cornerstone: 12 units permanent supportive housing, quite a rough year. Several insurance claims. Russell Square: 1 building of senior housing, the other 2 are LIHTC. Parkside: 104 LIHTC units, Bristlecone: Sams department the current projects will result in net income or loss, we are at the end of some funding sources so that one is a net loss. California: 6 units. Wildflower Apartments: 96 units of LIHTC, purchased 2018, it does well overall. Capitol improvements roofs, doing 3-4 per year. Maclay: 16 units of LIHTC, does well.

Next LIHTC revised budget, the remaining properties that still have investors: The Palace 60 units, Silvertip 115 units, moving away from public housing has been a great thing for the property. Garden District, property still suffering from roofs and other capital needs. A number of units have been vacant, we are fully leased now. River Ridge: 70 units senior only LIHTC.

Question asked does meth increase insurance? Debbie: Insurance always increases, and overall we do not do a lot of claims, so we will see, if there is a substantial increase we will need to go back to the drawing board.

I did not increase every line item; we have already had significant increases all across the board. Hard to forecast, where this is a proposed budget, we can always go back and amend as needed.

Timing is impacted from HUD. The end of our federal fiscal year is September 30<sup>th</sup>.

Davidson: HUD does require we pass a budget ahead of the fiscal year. The board has not had enough time to review the budget we will hopefully still pass it this month, but we invite you to take your time and ask questions, we can always come back later and do a revision.

Clarification from Davidson and Hibbitts on the bottom line in debt coverage in MHA homes.

Question raised about wildflower and replacement reserves if there are any other known property issues upcoming?

Hibbitts: I have not had to draw replacement reserves yet for wildflower, I want to discontinue that \$300 per unit per year, is just not that much.

Ragsdale: Insurance premiums went up \$3,000 for Garden District, each property has their own policy, and the organization has a policy.

Any other questions on the revised budget?

Question about rent raises? Hibbitts: There are regularly rent raises, but they are nominal. Parkside does not raise rents frequently. Many of the units where rent can be raised, its not overall, its per tenant based on their lease renewal. Melton: The state caps any rent increases to 5% each year.

Approval of Resolution 1142

1st: Avery

2nd: Richards

None opposed, motion passes.

## Resolution 1143: Approving Missoula Housing Authority's FY2023 Operating Budget

Hibbitts: Overall looks pretty good, proposing salary increase, we did one last year, but this year looking to estimate to match the Social Security increase which is estimated to be 8.7% we are proposing 9% which would be performance of an additional 2%, budgeted for 11% increase total.

Being aware of the amount of work we do, and there is not extra time help for time off, we want to compensate as much as we can. I do not believe the increase will be that great next year.

Davidson: Debbie was able to budget in for the extra outreach person and grant writer. We will advertise for that soon.

Ragsdale: Salary comps are done as needed, not every year. Will do one again this year and try to keep it more current in the future.

Discussion of salary service companies and their use in uncertain times. Most of these agencies do regional data, and not local. We try to keep an eye on what is going on around town, check with other employers in the areas.

Hibbitts: Bottom of proposed budget, looking at the health of the ratios.

Properties like cornerstone are coming higher, but we knew it would. Hopefully we have little capital needs in the future, switching gears there and asking participants about active users, and we really need supportive services.

Davidson: the people providing us with supportive services at cornerstone have withdrawn. What we need now is people who already have services and bring them with them. We anticipated the city would bring in their PACT team to provide services, so that never happened. Open aide alliance and VASH stepped in; VASH services are still there. Open Aide Alliance had to withdraw from lack of funding. If we are going to continue to house those most in need, our barrier social services. We are concerned about trinity, Partnership health center will provide services for 14 hours per work weekday, and right now the plan is to staff the remaining time with a paid security service.

Discussion of what the paid security service would do in the case of emergency. Davidson: Possibly call 911, or a on call mental health professional we are still determining what that is going to look like. A lot of unknowns. All nations were chosen to provide those services in the navigation center. I heard this week other agencies are coming in to help, will not be all nations alone. We have 1 mission set aside in development to help fund staffing. Melton: Agencies were supposed to be able to bill medicate, this has not happened at the state level, possibly in 2024, that is one of the barriers. Helping with supportive services does not count as a billable medicate service.

Hibbitts: Debit to income ratio looks good, net incomes no concerns. There are 2 properties Garden city neighbors is Maclay. IUC property is still the owner of our investment portion in Silvertip, when there is a owner draw of surplus cash, we get the check and it goes into the development fund.

On LITCH properties I asked the property managers to weigh in, these are based off their dollar amounts. For HCV we are running at a loss, hopefully we can continue to do that, but the risk is having a huge reserve balance is that HUD may take it back. Scheduled to receive some developer's funds in 2023 on Villaggio and Trinity some of that is set aside to bristlecone.

LITCH: 4 properties, one concern with silvertip is increase to property taxes. 12% proposed by city is a large increase. Will raise rents there. We did budget for that increase. Palace, doing very well a couple of employees very aware of the expenses. Regularly reviews budget. Garden District, aware of expenses, if we can increase any amount the better off the property is, moving out of the deficit. River ridge still strong. We re arranged some maintenance staff, adding a floater to MHA homes from River Ridge.

Concerns: Cornerstone, I spoke to the property manager there are no expenses to be made without my approval. I review all payables and expenses, after the money has already been spent. With a property just starting out we need to be very aware. Garden District, also we are going in the right direction, new property manager, she is really keeping me in the loop of expenses.

Davidson: On a development prospective we need to be aware of Wildflower. The loan runs out in about a year. We will need to seek out more money for rehab and to renew the loan into a longer more permanent loan. Taking 7 million dollars. The debt service is right now is about 4%.

Peterson: Discussion of the funds arpam funds and if wildflower would be eligible?

#### Approval of Resolution 1143

1st: Avery

2nd: Shields

None opposed, motion passes.

#### VII. Staff Reports:

##### a. COVID-19 update

Davidson: we have questions about why we are not opening the front doors. Covid is still around. Moreso, we have very few people in the main office, most staff are out on the properties. Concerns about having people wondering in off the streets when there is no one at the front desk. Receptionist is in and out throughout the day. Maybe 12 people in the office at this point, privacy and safety concerns. We do meet clients in person. People who need to get into see us, are able to do so.

Discussion on signage: Possibly change wording on the signs, to by appointment only. Take out the covid language.

##### b. Public Housing final close-out

Sudbury: The average close out per HUD is 2-5 years.

Peterson: Testers office may be able to help us with that to move along.

##### c. Villagio Update

Oliver: positioned well going into the winter. Only challenges framing and paint.

Melton: We are talking to Blueline about creating an interest list, this project will probably open up at the end of Trinity leasing.

d. Trinity update

Davidson: Still working with the County on the TSOS. They are determined to get that put in this fall. But have nothing in writing for service providers, the existing site is being covered by Hope Rescue Mission. We found out about this last spring. 30 pallet houses, 2 communal bathrooms, bike shelter. They have asked for access to our parking lot for their tenants, we have asked for documentation to review that. County does not have to follow city zoning. MHA board of commissioners could contact the County Commissioners.

Sudbery: City has been removed from this, but we are already having issues people are camping in the culvert by Walmart. You are right to be concerned.

Melton: We will probably need to have parking passes at Trinity we will have to monitor parking pretty aggressively over there.

Davidson: Andrea came to the meeting and said everything I have been saying, she did terrific.

e. Speedway and 819 Stoddard

No updates.

f. *Strategic Planning:*

Plan to revisit this in November

Completed city council presentation was completed. Council members were engaged, and mission was accomplished. Staff gave information, lots of fun photos were showed.

Oliver: Hoping we forged partnerships.

l.

Succession Planning:

Meeting adjourned at 6:37 pm