

**CONCORD HOUSING & REDEVELOPMENT
Board of Commissioners Meeting Minutes
February 1st, 2012**

The Concord Housing & Redevelopment’s Board of Commissioners met February 1st, 2012 at 23 Green Street Concord, NH 03301.

- I.** Chairperson Ari Pollack called the meeting to order at 8:05am and asked for roll call. The response:

PRESENT	ABSENT
Commissioner Pollack	
Commissioner Fowler	
Commissioner Madden	
Commissioner Burger	
Commissioner Rounds	

Also present at the meeting were Housing Authority Staff; John Hoyt Executive Director, Craig Dunning, Special Projects, and Heather Sargent, Director of Administration.

- II.** The Chair called for a motion on the January 4th, 2012 meeting minutes. Commissioner Rounds moved that the meeting minutes be approved. Commissioner Fowler seconded the motion. The motion passed unanimously.

- III.** The Chair then called for a review of General Correspondence. Mr. Hoyt presented the NH Business Review, City of Concord newsletter and Granite State Builder. Also he presented the legal notice regarding the former Friendly Kitchen sight as our Pitman Street property is an abutter. He also read a letter from a former HCV participant who was thanking CH&R for assisting her so that she could attain her teaching degree and become self-sustaining.

There was no other correspondence and the period was declared closed.

- IV.** The Chair than opened the floor for public comment. There was no one from the public present and the period was declared closed.

- V.** The Chair then called attention to the Old Business portion of the agenda:

- 1. Lee Avenue**

Mr. Hoyt reported that the furnace was going in the white building and that Tenants were being asked to sign new leases effective February 1st, 2012.

2. Other

Mr. Hoyt communicated that he had been speaking with NHHFA regarding funding to convert the old theater space at JFK into rental units. He said that it appears that Fellowship Housing will be getting money this round and possibly a project in Berlin getting it in the second round (if NHHFA were to be able to offer one.) He says this puts our application behind at least another year. Commissioner Pollack asked about needing to sprinker the building. He was reminded that the entire building had sprinklers installed in 2008. Commissioner Fowler inquired about the heat in the Theater; Mr. Dunning reported that the air exchanger is off however the heat is set at 50 degrees. He reports that he goes in periodically to check on things.

There was no other Old Business to be discussed and the period was declared closed.

- V. The Chair then called attention to the New Business portion of the agenda:

1. Section 8 Over Leasing

Mr. Hoyt submitted the following report - We have 224 monthly vouchers, allowing for a 12 month period and we have 2,688 unit months leased (UML) per year (12 months *224 vouchers). Any number above that 2,688 UML is an over lease and any over leased money spent to pay local landlords is a disallowed cost. Secondly; we get two streams of money for the Section 8 program; the **HAP** subsidy (NRA) - rent checks to landlords and the **Administrative Fee** (UNA) – a management fee to run the day to day operations of the program. **HAP** subsidy is dollar for dollar flow through funding; every dollar funded is restricted for UML. If you receive more funding than landlord check liability the excess is to be kept in a separate cash account that cannot be used for any other purpose (NRA - net restricted asset). If subsequent funding from HUD is insufficient to cover current landlord obligation the housing authority can draw from the NRA to cover the obligation. If there are insufficient funds in the NRA you may use accumulated earnings in administrative fee UNA (unrestricted net assets). In a typical year the operations of the Section 8 accumulates \$20k - \$25k in excess UNA (profit). The excess in the UNA can only be used to further the mission of the Section 8 program. CH&R has always been aggressive in using all excess monies to help as many families that we can. Over time an over leasing cost liability could be and would be funded by the excess in UNA. With the federal budget woes in Washington, HUD has been directed to get any unspent cash including disallowed cash. On December 9, 2011 HUD changed the handling of NRA. Instead of the housing authority holding these funds the Treasury is now going to hold the funds. This is a retroactive rule going back to the

beginning of Section 8. Mr. Hoyt used a HUD attachment showing their historical calculation of unit months overleased. What this document shows is over leasing during the period 2005 – 2009 in the amount of \$271,464. Meaning the housing authority has exceeded its allowed budget authority by this amount. In years 2010 and 2011 that balance, with the use of excess UNA through 09/30/2011 has brought the cash liability down to approximately \$175,000 dollars.

Mr. Hoyt anticipates that HUD will withhold this amount in subsequent funding cycles, as of today it is unknown when or how. Originally the belief was it would happen over several fiscal years, recently while discussing the issue with HUD in Kansas City they told him they expect this to happen all at once before the summer.

The \$175,000 cash required to cover this liability will have to be borrowed from the COCC. This will be result in one-time cash hit to the program (when HUD lets us know). We will set up an intercompany receivable and collect the \$175,000 as future years excess UNA funds become available. Under current operation performances that could be up to seven years. This will affect cash in this year only; subsequent annual fee revenue cash will be unaffected.

Commissioner Pollack asked how our auditors account for this discrepancy. Mr. Hoyt reported that a finding would be entered to REAC stating that an unauthorized loan went from restricted funds to unrestricted funds to which he would reply we're in the process of paying HUD back. Commissioner Rounds asked what penalty we could suffer. Mr. Hoyt responded that we could be audited by HUD and that the financial institutions look at these audits regarding requests for loans. Mr. Hoyt explained that we were aggressive in leasing and the funds can clearly be tied to paying HAP contracts to house more people and this is a national issue not specific to CH&R. Commissioner Pollack asked Mr. Hoyt to insure this point was clear in the auditor's findings.

2. PHADA Conference Update

Mr. Hoyt reported that much of the discussion revolved around how HUD will be scoring Public Housing for future funding purposes. New requirements in the five year plan are being proposed including the need for an energy audit every three years. A general study of how much money it takes to operate a PHA based on financial reports is being done. In light of these changes, the following resolution is being introduced.

3. RESOLUTION 1282: *Resolution to change the Capitalization Policy by increasing the minimum from \$500 to \$5,000 and emphasizing that the*

capitalized asset must increase the expected useful life of the building system or the property as a whole.

Commissioner Pollack asked if this change should be phased in. Commissioner Rounds said this is pretty standard in her experience and that a footnote could just be added that the appreciation factor was changed. Commissioner Fowler moved the motion be accepted. Commissioner Rounds seconded it. The motion passed unanimously.

4. Other

Mr. Hoyt pointed out that CH&R recently reported to OIG a Section 8 participant who we suspected was committing fraud by not reporting income over several years. Their response was they were not investigating Section 8 fraud at this time but they would refer the case to Concord Police Department.

There was no other New Business to be discussed and the period was declared closed.

Commissioner Pollack asked for a motion to adjourn. Commissioner Rounds moved the motion and Commissioner Madden seconded the meeting be adjourned. The motion to adjourn was passed unanimously and the meeting was declared over at 9:12am.