DMPM
Board Meeting
Minutes for August 6, 2024

PLACE: Administrative Building-Victory Room

TIME: 12:09 PM

ATTENDEES: Jeff Cooley, Jerry Griese, Jennifer Leveque, Rick Poland and Janeal Kohler.

READING AND APPROVAL OF MEETING MINUTES: Commissioner Cooley motioned to approve the minutes from the May 7, 2024, board meeting. Commissioner Poland seconded. All in favor. No discussion. Motion passed.

STAFF REPORT: The board packet includes operating statements for June 2024. The property management fund has less revenue than expected. This is from reduced management fees from Orchard Knoll because of its transitional nature and vacancy losses. Staff have improved their time to get units leased; however, there is consistent turnover.

Blueridge I has a discrepancy in revenues but net balances are accurate. Janeal will work with the finance director to see if an adjustment is needed. Overall, the operating statement is in line with expectations. Blueridge II shows a significant deficit. HUD was several months late approving the budget for this project. The budget was approved, and HUD provided retroactive subsidy back to February in July 2024. This is not reflected in the current operating statements. The next quarterly statement will show a marked improvement.

Rural Development was delayed approving rents for Gateway and Glenhaven. The rents were approved in May. Some of the funds are booked to the prior year causing balances to show in red; however, cash flow is good. These properties have also suffered vacancy losses. Some Gateway units are specifically left vacant because of urgent repairs and cash flow issues. We're still waiting for Rural Development to come through with emergency funds for capital projects at Gateway. With recent cash flow improvements, some repairs can be completed which will allow additional units to be rented.

The group discussed discrepancies in GL codes for payroll (.000 and .010) and the program code (86 vs 87) for Orchard Knoll. (.010 was supposed to be direct costs.) In both instances, the two different codes need to be combined. Janeal will work with the finance director to make the correction.

It's normal this time of year for operating statements to be in the red because of capital improvements in the summer. It balances out in the winter. Vacancy losses in general have been better than last year but still higher than they should be.

The VA voiced concerns about the percentage of Veterans housed at Orchard Knoll. The project should have 50% Veteran occupancy, but the actual numbers have been lower, especially since Deer Creek opened a couple years ago. Orchard Knoll isn't getting the same volume of Veteran referrals as it used to. Janeal shared Veteran referral, applicant, and occupancy approval numbers with the VA to show that most Veterans are approved for occupancy. Other drivers of low Veteran occupancy are more Veteran housing options than before and Veterans' case managers preferring to find their clients permanent housing rather than transitional housing. On the VA grounds, Eagle Landing has preference for Veterans and is a permanent housing project. The VA accepted the reasons for the occupancy numbers, but they'd like to see if homeless Veteran numbers have decreased in the past year or if there's still a need that hasn't been met. Staff will continue outreach efforts, like local newspapers and radio, to local Veterans who may not know that these services exist.

DMPM staff capacity has been challenging. One property manager is on medical leave, another is out of the country for a few months, and a third gave notice after only three weeks of training.

PUBLIC COMMENTS: None.

REPORT OF THE COMMISSIONERS: None.

UNFINISHED BUSINESS: None.

NEW BUSINESS:

Janeal presented the HUD discretionary policy changes included in the board packet. These changes are required by the upcoming overhaul of the public housing and Section 8 programs from HOTMA (Housing Opportunity through Modernization Act). HOTMA includes extensive mandatory changes, but the focus right now is on discretionary policies. Each policy includes the guidelines, current public housing and Section 8 policies, and the proposed new policies after HOTMA is implemented. The goal is for discretionary policies to be aligned between all programs. These policies will apply to the project-based Section 8 at Blueridge II. Most policies will not impact the tax credit programs.

The Resident Advisory Board has been reviewing the changes for the past few months. The RAB agreed with most changes. Their primary concern was about a change in the medical deductions from income. Eligible medical deductions are currently any expenses over 3% of a family's income. That will change to 10% over the next two years. PHAs have the discretion to implement their own permissive deductions to income; however, these deductions are at the PHA's cost. HUD will not adjust its financial support for the programs based on permissive deductions. The organization does not have a stable enough flow of unrestricted funds to support permissive deductions.

One of the discretionary policies is a change to the net value of assets an applicant or tenant may have and still be eligible for the program. Going forward, any applicant with more than $100,000 in net assets will not be eligible for the program unless they qualify for an exemption or reasonable accommodation. The same applies to applicants who own habitable real estate. If a tenant gains assets or habitable real estate after they start participating in a program, they will have six months to dispose of the assets or terminate their assistance.

The changes went out for public comment on July 1st. The 45-day comment period will end August 15th. The public hearing and board approval will happen at the HADCO August board meeting. The changes go into effect January 1, 2025. By October 1, 2024, staff needs to be ready to start working on recertifications requiring the changed policies. Janeal will present the approved changes at the next DMPM board meeting. Ideally, this board will approve the same policies for Blueridge II as those adopted for public housing and Section 8.

The group discussed UCAN's proposal to sell or transfer their affordable housing units because they are operating at a deficit. The state would approve a transfer if the receiving organization took the properties as is. They would not approve workarounds for rent restrictions. UCAN was going to propose a two-year subsidy program during which time the tenants would reach the top of the waiting list for Section 8. UCAN did not follow through with that proposal and decided to retain the properties.

MEETING ADJOURED AT: 12:38 PM