



MESA HOUSING AUTHORITY GOVERNING BOARD

April 11, 2013

The Mesa Housing Authority Governing Board of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on April 11, 2013 at 7:31 a.m.

BOARDMEMBERS PRESENT	BOARDMEMBERS ABSENT	STAFF PRESENT
Scott Smith, Chairman Alex Finter Christopher Glover Dina Higgins Dennis Kavanaugh Dave Richins Scott Somers William M. Egan, Sr.	None	Christopher Brady Debbie Spinner Dee Ann Mickelsen

Chairman Smith welcomed Mr. Egan, who is a public member of the Mesa Housing Authority Governing Board, to the meeting.

1. Items from citizens present.

There were no items from citizens present.

2-a. Conduct a public hearing regarding the City of Mesa Housing Authority's FY 2013/2014 Public Housing Agency (PHA) Annual Plan.

Chairman Smith stated that this was the time and place to conduct a public hearing regarding the City of Mesa Housing Authority's FY 2013/14 Public Housing Agency (PHA) Annual Plan.

Housing and Revitalization Director Mary Berumen reported that during the 45-day public comment period concerning the PHA Annual Plan, the City did not receive any comments from citizens, although the members of the Resident Advisory Board (RAB) did offer certain input and feedback. She explained that in December 2012, various updates and revisions were made to the document per the approval of the Mesa Housing Authority Governing Board. She noted that since that time, no additional changes have been implemented.

There being no citizens wishing to address the Board, Chairman Smith declared the public hearing closed.

2-b. Adopt a resolution approving the City of Mesa Public Housing Authority Annual Plan for FY 2013/2014 and authorizing the Chairman of the Board, or his designated representative, to sign and submit the City of Mesa Public Housing Agency Annual Plan for FY 2013/2014 to the U.S. Department of Housing and Urban Development (HUD).

It was moved by Boardmember Egan, seconded by Boardmember Somers, that Housing Governing Board (HGB) Resolution No. 13-1 be adopted.

Carried unanimously.

2-c. Hear a presentation and provide direction on a support letter for 15 Project-Based Vouchers for La Mesita Phase 3, provided they are successful in obtaining 2013/2014 Arizona Low-Income Tax Credits and if funding permits.

Housing and Revitalization Director Mary Berumen reported that previously, A New Leaf requested that the Board approve 30 Project-Based Vouchers (PBVs) for Phase 1 of the La Mesita project. She explained that this request is for an additional 15 PBVs, which represents a 20-year financial commitment by the City of Mesa. She stated that the members of the Resident Advisory Board (RAB) were in support of the request and added that they were present in the audience to respond to any questions the Board may have regarding this matter.

Torrie Taj, Chief Operating Officer of A New Leaf, addressed the Board and advised that Phase 1 of the La Mesita apartment project is under construction, with the fourth floor being built at this time. She said that the project is on schedule and added that it was anticipated that Phase 1 will be completed by December 2013.

It was moved by Boardmember Richins, seconded by Boardmember Kavanaugh, that the City of Mesa provide a support letter to A New Leaf for 15 Project-Based Vouchers for Phase 3 of the La Mesita project.

Carried unanimously.

2-d. Hear a presentation and discuss an update on federal funding reductions related to the Sequestration for FY 2013/2014.

Director of Housing and Community Development Tammy Albright displayed a PowerPoint presentation (**See Attachment 1**) and provided a brief overview of possible federal funding reductions for the Community Development Block Grant (CDBG), Home Investment Partnership Program (HOME) and Emergency Solution Grant (ESG) programs.

Ms. Albright reported that the U.S. Department of Housing and Urban Development (HUD) in Washington, D.C. advised the City of Mesa to expect a 5% funding reduction for CDBG, ESG and HOME programs, while local HUD officials indicated that the reduction could be as high as 10%. She stated that in February of this year, the Council approved a methodology for possible funding reductions by removing awards from those agencies that had lower-rated scores.

Ms. Albright highlighted scenarios illustrating both 5% and 10% reductions of FY 2013/14 CDBG, HOME and ESG programs. (See Page 3 of Attachment 1) She explained that with respect to CDBG projects, a 5% cut would equate to a funding reduction of \$159,000, while a 10% reduction would amount to a \$318,000 decrease in funds. She pointed out that the City has retained \$178,000 in prior year funds in case of emergencies. She also noted that with the 5% reduction, the City would be able to fund all of the current CDBG projects, with the exception of

a \$4,873 reduction in funding for La Mesita's Desert Leaf Supportive Services project. She added that the City would still maintain \$56,000 in unallocated resources.

Ms. Albright further commented that a 10% decrease would result in a funding reduction of \$254,146 for CDBG contracts; that it would be necessary to use all prior year unallocated monies (\$178,000), which would leave a shortfall of \$77,000 for FY 2013/14; that it also would be necessary to eliminate the \$5,000 contract for Aid to Adoption of Special Kids (AASK) and the \$25,000 contract for Desert Leaf Supportive Services; and that an estimated \$4,000 from the West Mesa Community Development Corporation (WMCDC) Code Compliance contract and approximately \$47,000 from Los Ninos Hospital would be reduced.

Ms. Albright briefly reviewed a document titled "Actions for ESG & HOME Reductions." (See Page 7 of Attachment 1) She stated that with respect to the ESG program, a 5% reduction in funding would result in Save the Family Rapid Rehousing receiving approximately \$13,446 less in funding and a decrease of \$26,893 if a 10% federal funding reduction was implemented. She also noted that concerning the HOME program, the City has fewer funds to award and a reduction in administrative fees.

Ms. Albright indicated that later this month, the Housing and Community Development Board will hear from four applicants who are requesting HOME funds for their tax credit applications. She stated that at that time, if staff has not received a more definitive answer from HUD regarding the funding reductions, they will "anticipate some type of cut and hold back a reserve."

Ms. Albright further spoke concerning potential federal funding reductions as it relates to the Housing and Community Development Department's staffing levels, of which most positions are funded by CDBG and grant monies. (See Page 8 of Attachment 1) She remarked that a 5% reduction would result in the elimination of one administrative-level position, while a 10% reduction would result in the elimination of one professional-level staff member. She said that in anticipation of possible funding reductions, she has held several positions vacant, but pointed out that her department is "running pretty lean."

Ms. Albright offered a short synopsis of improvements that the Housing and Community Development Department has implemented this year in order to streamline processes and maximize the efficiency of its administrative staff. (See Page 9 of Attachment 1)

Discussion ensued relative to the fact that on May 1, 2013, HUD will review the City's CDBG account; that the City is not permitted to have more than a 1.5 ratio of its current year grant monies in the account and that the remainder of those funds should be allocated; that if the City does not meet such a requirement, it may be necessary to return some funds to HUD; and the reasons that the City may not meet such a requirement. (See Page 11 of Attachment 1)

Ms. Albright indicated that Housing staff anticipates an estimated \$535,000 reduction in Housing Assistance Payment (HAP) funds and a decrease of \$124,000 in administrative monies. She noted, however, that the City did receive an additional \$12,700 in Veterans Affairs' Supporting Housing (VASH) vouchers. She commented that there is currently a vacant position in the Housing area, but said that it remains unfilled since administrative reserves are being utilized on a monthly basis to pay for current staffing levels.

Additional discussion ensued relative to ongoing processes that Housing staff is undertaking to streamline/reduce their administrative burden (See Pages 14 and 15 of Attachment 1); and improvements that have already been implemented by Housing staff in the last year. (See Page 15 of Attachment 1)

Ms. Albright advised that if the City receives a more definitive answer from HUD regarding possible funding reductions prior to the May 6, 2013 Council meeting, which is when the FY 2013/14 PHA Annual Plan is scheduled to be presented to the Council for approval, staff will make the necessary revisions to the document. She stated that if the City has not heard from HUD, staff will move forward with the PHA Annual Plan as approved by the Board in February, and utilize the Board-approved methodology to implement potential funding reductions at a later date, once the City receives final notification from HUD in this regard.

Boardmember Richins commended Ms. Albright and her entire staff for their efforts and hard work.

Mr. Egan commented that this is the tenth year he has served on the Mesa Housing Authority Governing Board and said he hoped to continue to serve for a few more years. He noted that he was proud to be a Mesa resident and thanked the Board and staff for their courtesy.

Chairman Smith expressed appreciation to Mr. Egan for his service and dedication to the community.

3. Adjournment.

Without objection, the Mesa Housing Authority Governing Board meeting adjourned at 7:48 a.m.

SCOTT SMITH, CHAIRMAN

ATTEST:

DEE ANN MICKELSEN, INTERIM CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Mesa Housing Authority Governing Board meeting of Mesa, Arizona, held on the 11th day of April, 2013. I further certify that the meeting was duly called and held and that a quorum was present.

DEE ANN MICKELSEN, INTERIM CITY CLERK

Federal Funding Update

April 11, 2013

Tammy Albright
Director of
Housing and Community
Development



Funding Reductions – Entitlement Grants (CDBG, HOME & ESG)

- March 4th notice from HUD Deputy Secretary Maurice Jones stated to expect 5 percent reductions for Community Block grant (CDBG), HOME, and Emergency Solutions Grants for the homeless (ESG) programs.
- March 14th from local HUD representative to expect a 10% reduction in CDBG, ESG and HOME
- Council approved methodology for reduction to remove awards from agencies with the lower rated scores.

Federal Funding

Program	2011/12	2012/13	2013/14 5% decrease	2013/14 10% decrease
CDBG	3.1 million	3.2 million	3.0 million	2.8 million
HOME	1.3 million	944,000	897,266	850,042
ESG	151,000	269,000	255,480	242,033

Reduction of FY 13/14 CDBG, HOME
 and ESG programs

Possible CDBG Reductions

- 5% cut to CDBG projects = \$159,000 reduction
- 10% cut will reduce CDBG project allocation by a total of \$318,000
- Had maintain \$178,000 in prior year fund unallocated to deal with these issues
- Prepare letter of possible reductions for agencies that have been awarded 2013/14 funds.
- Encourage agencies to explore opportunities to reduce costs

Actions for CDBG Reductions

- Return all application to the funding source they applied for to determine low scores
- Must still maintain caps per HUD regulation for specific activities (ie 15% public service)
- 5% cut to CDBG projects = reduce Desert Leaf by \$4873 (from \$25,000 to \$20,127)
- Would still maintain apx \$56,000 unallocated funds

Actions for CDBG Reductions

- 10% cut will reduce funding to \$254,146 for contracts
- Would use all prior year unallocated funds - \$178,000
- Still leave a shortfall of \$77,000 in for 2013/14 funding
- Contracts affected would be:

Eliminate:

- \$5,000 Aid to Adoption of Special Kids (AASK)
- \$25,000 Desert Leaf Supportive Services

Reduce:

- WMCDC Code Compliance – from \$60,000 to \$56,300 (Due to Public Service Cap)
- Los Ninos Hospital – from \$700,000 to \$653,000

Actions for ESG & HOME Reductions

Grant	5% Reduction	Contract	10% Reduction	Contract
ESG	-\$13,446 (\$268,926 to \$255,479.70)	Save the Family Rapid Rehousing - \$12,438 from \$80,000 request (also was awarded \$81,000 in prior year funds)	-\$26,893 (\$268,926 to \$242,033.40)	Save the Family Rapid Rehousing - \$24,876 from \$80,000 request (also was awarded \$81,000 in prior year funds)
HOME	Less funds to award and reduction in Admin fees			

Administration Funds

	Level Funding	5% reduction	10% reduction
CDBG	635,226	603,464	571,703
HOME	94,449	89,727	85,004
ESG	20,169	19,161	18,152
Total	749,844	712,352	674,859
Number of staff	7 Staff	1 Office staff	1 Professional Staff

**** Have reduced staffing levels for the past 3 years**

Improvements This Year

- Risk Monitoring Tool
- New Human Services Reimbursement Process
- Exploring Automation options for Case Management
- Developing Tool for Monitoring Grant Reimbursements
- New HOME Application Process and Homebuyer Program
- Grant Procedure Manuals – HUD
- New Underwriting Tool - HUD

Federal Funding Ratio Regulation

- The first week of May HUD will review our CDBG account to determine if it is under a 1.5 ratio to our current year grant
- We have some concerns this year that we may not meet that requirement
- Could require some funds returned to HUD
- Could mean further awards that will need to be reduced for next year

Federal Funding Ration Regulation

- There is 1.5 million in our account that is unallocated by HUD terms for LaMesita
- Approval of the HUD environmental is required before a contract can be signed by LaMesita
- As part of our clean up effort this past year we have over 1.2 million in prior year unallocated funds that will be part of the ratio
- We have allocated those funds with this years annual funding processes but it will not be allocated in HUD terms until there are signed contracts

Funding Reduction Housing Authority

- Reduction in Housing Assistance Payment (HAP) funds by apx. \$535,000
- Reduction in Administrative funds by apx. \$124,000
- Did receive additional VASH vouchers this year – increase of \$12,700
- Holding one vacancy at this time
- Using Administrative reserves at current staffing levels

Actions for Housing Reductions

- Have participated in HUD web training to streamline processes and reduce administrative burden
- Have already enacted a majority of the suggestions
- Explore other HUD ideas for reducing administrative costs (ie. Reduce current payment standard from 96% to 90% of the 2013 Fair Market Rents)

Actions for Housing Reductions

- Working with other Housing Authority Directors in AZ to evaluate best practices in streamlining processes and procedures
- Using HUD's two year forecasting tool to analyze and determine the impact of the cuts to the funding administrative and voucher payments

Improvements This Year

- On-Line waiting application process
- Streamlined third party documentation
- Group landlord briefing and electronic signing of contracts
- Group new admission and annual recertification briefings
- Credit collection for delinquent debts
- Continue to explore additional technology to create user friendly processes

Questions and Discussion