

HADCO
Board Meeting Minutes
December 19, 2024

PLACE: HADCO Conference Room

TIME: 12:35 PM

ATTENDEES

Commissioners: Jerry Griese, Jeff Cooley, Mike Baker, and Donna Bosier via phone. Chris Spens was absent.

HADCO Leadership: Janeal Kohler and Jamie Ambrosini.

READING & APPROVAL OF MEETING MINUTES

Commissioner Baker motioned to approve the October 24, 2024, HADCO Board meeting. Commissioner Griese seconded. No additional discussion. All in favor; motion passed.

REPORT OF THE SECRETARY

AMP1 is in the red. However, draws have happened since the report end date. Janeal expects the year to end within budget. One project received its HAP funding about 19 days late. This has never been an issue before and is likely due to the congressional continuing resolution to fund the government. All other accounts are running as expected.

Government shutdowns haven't had a significant impact on HADCO business in the past. If HUD is late with housing assistance funding, they will typically pay what's owed as soon as they can. If there is a government shutdown, there are some reserve funds available to make housing assistance payments, but probably not a full month's worth for Section 8. At the beginning of the shutdown, tenants would need to be reminded that their assistance is based on funding availability. There is also an admin reserve, but it's ill advised to use it for housing assistance payments; HUD can't guarantee the funds will be replaced.

HOTMA was further delayed until July 2025. Some aspects can be implemented on January 1, 2025, but this would be confusing for tenants if the other changes are delayed further. HUD is having significant challenges with getting the various software vendors integrated into HUD's new software.

PUBLIC COMMENT: None

BILLS, BOARD COMMUNICATIONS AND DISCUSSION ON PUBLIC COMMENT:

Commissioner Cooley was approached by Tom Davidson who is on the Roseburg High Foundation. The foundation will receive a parcel of land of about 100 acres on Rocky Ridge as a donation. Some of the land has development potential. The foundation wants to sell the land. The foundation has enough funds to pay property taxes for two years, but they'd like to sell it sooner than later. They want to sell for the fair market value of the bare land, not for the future value of the land after it's developed. There is time to decide on whether HADCO will make an offer on the land. The donation hasn't been finalized. Janeal suggested exploring the opportunity and seeing if state grant funding is available to purchase the land. HADCO doesn't have the cash on hand to buy it outright. It also needs to be determined if there's enough buildable space on the parcel to support the purchase and development. Commissioner Cooley will ask Tom Davidson for additional information.

UNFINISHED BUSINESS: None

NEW BUSINESS

Janeal proposed increasing public housing security deposits. They haven't increased in several years. The packets show the existing security deposit amounts and the generous payment plans. The average delinquency at move out for the past 4-5 years is \$1,151. The breakout of delinquency shows that 1-

and 2-bedroom unit moveout costs are covered by the existing security deposit. The 3- and 4-bedroom unit moveout costs are not covered by the existing security deposit. However, there are a limited number of 4-bedroom units, and they have very low turnover.

The packet also shows proposed new security deposit amounts by unit size. The proposal was reviewed by the Resident Advisory Board. They agreed that the deposits should be increased and gave feedback on amounts and the payment plan options. The proposed increases are still below the average in the private market. Additionally, most landlords do not offer payment plans for security deposits. Finally, average rents based on 30% of existing tenants' income are included in the packet.

Changing the security deposit amounts could be considered a significant change to the public housing program, which requires a 45-day comment period. The board discussed payment plans: either paying the whole balance at once or paying at least 50% down and paying off the rest in two months. The board also discussed third-party assistance programs which provide security deposit payments. New tenants who receive security deposit assistance can pay the balance up front and do not need payment plans. It was suggested that security deposits are due up front and a prospective tenant who can't pay the deposit would request a hardship exception to enter a payment plan.

Janeal will post the change in security deposit for public comment around January 1st. The 45-day comment announcement will include input from the RAB and the HADCO Board. The proposal will be for security deposits to increase to 80% of fair market rent for the unit size. All security deposits must be paid in full at move-in unless the tenant requests a hardship exemption and can show proof of hardship. An approved payment agreement will last no longer than three months.

Janeal provided an update on the conversion of public housing to Section 8. HUD has withdrawn the most recent Streamlined Voluntary Conversion (SVC) application option for Housing Authorities. Another conversion option, Rental Assistance Demonstration (RAD), would not provide the financial benefit of conversion. RAD operates similarly to public housing and the rents are significantly lower than Section 8. Furthermore, RAD does not allow for budget-based rent increases; it only permits annual inflationary increases. Oregon PHAs that have used the RAD conversion are struggling to subsidize their RAD units with other funding sources. HUD does offer a "blend" conversion option of 80% Section 8 and 20% RAD.

When the SVC application was withdrawn, HUD indicated that they will be changing their RAD/Section 18 blend to allow 90% of units to convert to Section 8 and 10% to convert to RAD. To clarify, this isn't a conversion which would select specific units to be Section 8 or RAD. Instead, a weighted average rent by unit size and the 90/10 split is calculated for all units. Even with 10% of units under RAD rents instead of Section 8 fair market rents, the financial benefit of the blend conversion is substantial.

There is an added financial benefit to conversion: subsidy funds above what are needed to properly maintain the units are considered unrestricted. This means, for example, they can be used for future development projects. Any surplus public housing funds are restricted to public housing uses only.

The RAD blend still offers tenant protection vouchers. Furthermore, while it needs to be verified, HUD technical assistance indicated that unit transfers to meet the stricter Section 8 occupancy guidelines will not be required immediately after conversion. This removes a significant logistical challenge of having to rehouse several families as part of the conversion. If a tenant decides to transfer after conversion, they will be housed based on the Section 8 occupancy standards. The one tenant benefit that is lost is immediate choice mobility after transfer. Tenants must stay in their units for a year after conversion before they can transfer to the private market with a tenant-based Section 8 voucher.

The PHA annual plan must be amended to change the conversion language from Streamlined Voluntary Conversion to RAD/Section 18 blend. This also requires a 45-day public comment period, which is

required before the RAD application can be submitted. Janeal doesn't anticipate negative feedback from tenants about the change because they still have the same, or better, protections and benefits. Tenant outreach must be restarted. HUD technical assistance provided a cheat sheet with all the specific outreach steps, including certified mailings, which must be completed at specific times during the application process. Tenant information and comment submissions can be provided through the website; although this may be awkward until the website overhaul is completed. Comments from the RAB and tenants will be presented to the Board before voting on a resolution to amend the plan.

All converted properties will be restricted for affordable housing purposes. This aligns with HADCO's mission of providing affordable housing. Existing declarations of trust would be removed, and the properties would be placed under a new RAD deed requiring affordable housing use on the property.

As part of the original conversion plan, Janeal intends to build an apartment complex on a vacant area of approximately two acres within the Roseburg public housing lot. Because the conversion must be restarted under a different program, Janeal would like to request the vacant lot be carved out from the public housing portfolio in a separate application from the conversion. This should allow the building to move forward sooner. She anticipates that HUD will release the declarations of trust with zero cost to HADCO because it will continue to be used as affordable housing. The separation of the vacant land from the public housing lot will be put out for 45-day public comment with the other amendments to the PHA annual plan.

Janeal doesn't anticipate changes to HUD policies and procedures when a new presidential administration takes over. Janeal has seen media scares throughout her tenure, but never a major shift in policy from one administration to another.

January's meeting will be scheduled for the fourth Thursday of the month as there is no public hearing needed for previous annual plan changes.

ADJOURNED: 1:20 PM