

SOUTH METRO HOUSING OPTIONS BOARD OF COMMISSIONERS

Minutes of Regular Meeting November 14, 2019

The regular meeting of the South Metro Housing Options (SMHO) Board of Commissioners was held on Thursday, November 14, 2019 at 5808 S. Rapp Street, Suite 100, Littleton, Colorado 80120.

THOSE PRESENT: Chairman Kyle Henderson, Vice Chairperson Pat Cronenberger, Commissioners Aubrey Ebbs, Aaron Heumann, Mike Madrid, and Stewart Meagher

THOSE ABSENT: None

ALSO PRESENT: Corey Reitz, Executive Director; Ivan Anaya, Director of Real Estate; Lauran Money, Director of Finance; Gerald Humphries, Finance Manager; Catherine Roberts, Executive Assistant; Sandra Petry, potential board member

Citizens Jerry Hill, Linda Knufinke, Jeanie Erickson and Joseph Trujillo.

Chairman Henderson called the meeting to order at 6:01 pm.

The agenda was reviewed and accepted.

There was one unscheduled public appearance:

Citizen Linda Knufinke asked SMHO to provide copies of the resolutions and make minutes available ahead of time on the website.

Chairman Henderson closed the Unscheduled Public Appearances section of the meeting.

There were no Scheduled Public Appearances.

The minutes of the September 16, 2019 regular meeting were reviewed.

Commissioner Madrid announced that he would abstain from voting on the September 16, 2019 Minutes since he was absent from that meeting.

It was moved by COMMISSIONER CRONENBERGER and seconded by COMMISSIONER MEAGHER THAT THE MINUTES OF THE SEPTEMBER 16, 2019 REGULAR MEETING BE APPROVED.

Ayes: Chairman Henderson, Vice Chairperson Cronenberger, Commissioners Ebbs, Heumann, and Meagher

Nays: None

Absent: None

Abstention: Commissioner Madrid

Motion Carried: 5:0:0:1

Executive Director Reitz introduced SMHO's new Director of Finance, Lauren Money. Director Reitz asked Ms. Money to tell everyone a little bit about herself. Ms. Money came from the banking industry, where she was very involved in Community Redevelopment and Affordable Housing, so this position lines up with her interests.

Item #6 Financial Reports

Finance Manager Humphries presented the highlights and notes of significance for the September 2019 SMHO Financial Statements.

- Current agency year-to-date (YTD) total revenue is \$12,081,485, which is 3% above projections.
- Current agency YTD total expenses are \$12,380,712, which is 10.75% over budget YTD.
- YTD Net Income, (change in net position), is (\$299,227).
- YTD Net Operating Income is \$510,912.

Following are the highlights and notes of significant for the October 2019 SMHO Financial Statements.

- Current agency year-to-date (YTD) total revenue is \$1,103,640, which is 6.5% under projections.
- Current agency YTD total expenses are \$921,903, which is 18.6% under budget YTD.
- YTD Net Income, (change in net position), is \$181,737.
- YTD Net Operating Income is \$228,065.

Following are the highlights and notes of significance for the September 2019 Powers Circle Financial Statements.

- Current Partnership YTD total revenue is \$536,793, which is 8% below budget.
- Current Partnership YTD total expenses are \$753,568, which is 2% above budget.
- YTD Net Income **including** depreciation and amortization (non-cash/operating items) is (\$216,776).

- YTD Net Income **excluding** depreciation, amortization and the accrued interest on the SMHO notes (all non-cash items) is \$2,007.
- Debt Service Coverage Ratio is 0.70.
- 62 of 69 Units Occupied/Billed Rent (90%).

Following are the highlights and notes of significance for the October 2019 Powers Circle Financial Statements.

- Current Partnership YTD total revenue is \$593,069, which is 9% below budget.
- Current Partnership YTD total expenses are \$797,002, which is 2.5% below budget.
- YTD Net Income **including** depreciation and amortization (non-cash/operating items) is (\$203,934).
- YTD Net Income **excluding** depreciation, amortization and the accrued interest on the SMHO notes (all Non-Cash items) is \$19,135.
- Debt Service Coverage Ratio is 0.83.
- 62 of 69 Units Occupied/Billed Rent (90%).

Following are the highlights and notes of significance for the August 2019 Libby Bortz Assisted Living Center (LBALC) Financial Statements.

- YTD total revenue is \$3,039,375, which is 3.91% below YTD projections.
- YTD total expenses are \$2,975,469, which is 2.74% below YTD projections.
- YTD Net Income is \$63,907.
- YTD Net Operating Income-Cash being generated from Operations (before depreciation) is \$239,393.

Following are the highlights and notes of significance for the September 2019 Libby Bortz Assisted Living Center (LBALC) Financial Statements.

- YTD total revenue is \$3,293,642, which is 4.66% below YTD projections.
- YTD total expenses are \$3,272,436, which is 1.64% below YTD projections.
- YTD Net Income is \$21,206.
- YTD Net Operating Income-Cash being generated from Operations (before depreciation) is \$212,894.

It was moved by COMMISSIONER EBBS and seconded by VICE CHAIRPERSON CRONENBERGER THAT THE SEPTEMBER AND OCTOBER 2019 SMHO CONSOLIDATED AND POWERS CIRCLE FINANCIALS, AND THE AUGUST AND SEPTEMBER 2019 LBALC FINANCIALS BE APPROVED.

Ayes: Chairman Henderson, Vice Chairperson Cronenberger, Commissioners Ebbs, Heumann, Madrid, and Meagher

Nays: None

Absent: None

Motion Carried: 6:0:0

Item #7 - Resolutions

Resolution 19-27: HCV Payment Standards

South Metro Housing Options (SMHO) is required to establish payment standards for its Section 8 Housing Choice Voucher (HCV) Program. The amount of the payment standard is set by utilizing a percentage of the fair market rents (FMR) for the locality, which are established on a regular basis by the Department of Housing and Urban Development (HUD).

HUD allows a public housing agency (PHA) to set the payment standard between 90 percent and 110 percent of the FMR. If a lower payment standard from the previous year is implemented, it will not apply to families who have already leased units under the higher standard until they move to a new unit. The objective is to set a payment standard that allows us to serve as many families as possible, but with an amount that allows participants to find a home that is not too expensive. If the standard is too high, we are not able to assist as many families, but if it is too low, they may not be able to find a unit they can afford. Staff suggests the FMR is set at 95%.

HUD published new 2020 FMRs on October 1, 2019. The existing and proposed FMR for our locality are as follows:

	<u>2019 FMR</u>	<u>2020 FMR</u>	<u>% Increase</u>
Bedroom	\$1,029	\$1,114	8.3
1 Bedroom	\$1,204	\$1,260	4.7
2 Bedroom	\$1,508	\$1,566	3.8
3 Bedroom	\$2,119	\$2,163	2.1
4 Bedroom	\$2,461	\$2,488	1.1
5 Bedroom	\$2,830	\$2,861	1.1
Assisted Living Centers	\$1,204	\$1,260	4.7

It was moved by COMMISSIONER MADRID and seconded by COMMISSIONER MEAGHER TO ADOPT RESOLUTION 19-27, APPROVING the 2020 PAYMENT STANDARDS FOR THE SECTION 8 HOUSING CHOICE VOUCHER PROGRAM.

Ayes: Chairman Henderson, Vice Chairperson Cronenberger, Commissioners Ebbs, Heumann, Madrid, and Meagher

Nays: None

Absent: None

Motion Carried: 6:0:0

Resolution 19-28: HCV Utility Allowance Schedule

South Metro Housing Options (SMHO) administers the Section 8 Housing Choice Voucher programs in the City of Littleton and administers the voucher programs for the Arapahoe County Housing Authority and the Colorado Division of Housing (DOH) in Arapahoe County. In addition to their rent subsidy, program participants are permitted a utility allowance for utilities they are required to pay in accordance with their lease agreements with their landlord.

The Department of Housing and Urban Development (HUD) requires public housing authorities (PHA) to establish utility schedules for various sizes of units and to review them on an annual basis to determine that they reasonably reflect average costs for utilities.

SMHO conducts a utility survey focusing on the specific jurisdictions we serve, i.e., Littleton and portions of unincorporated Arapahoe County. For 2020, SMHO contracted with The Nelrod Company to conduct a utility analysis for the Littleton and Arapahoe County jurisdictions. There were no major changes in the amounts of the utility allowances, and they would take effect in January of 2020.

It was moved by COMMISSIONER HEUMANN and seconded by COMMISSIONER EBBS TO ADOPT RESOLUTION 19-28, APPROVING THE HCV UTILITY ALLOWANCE SCHEDULE AS PRESENTED in THE NELROD COMPANY ANALYSIS.

Ayes: Chairman Henderson, Vice Chairperson Cronenberger, Commissioners Ebbs, Heumann, Madrid, and Meagher

Nays: None

Absent: None

Motion Carried: 6:0:0

Resolution 19-29: SEMAP Certification

The Department of Housing and Urban Development (HUD) requires public housing authorities (PHAs) who administer Section 8 tenant-based voucher programs to conduct an annual assessment of program activity, known as the Section 8 Management Assessment Program (SEMAP). The SEMAP assessment addresses the following performance criteria: waiting list policies; rent reasonableness; third party verification methods; utility allowance schedule; housing quality standards (HQS) enforcement; de-concentration efforts; payment standards; portability; reexaminations and rent calculations. The assessment must be approved by the Board and submitted to HUD within 60 days of the end of the fiscal year. SEMAP is a self-assessment that is conducted and monitored by staff throughout the fiscal year and is analyzed by a 3rd party consultant.

It was moved by COMMISSIONER MEAGHER and seconded by COMMISSIONER MADRID TO ADOPT RESOLUTION 19-29, APPROVING the SEMAP CERTIFICATION.

Ayes: Chairman Henderson, Vice Chairperson Cronenberger, Commissioners Ebbs, Heumann, Madrid, and Meagher

Nays: None

Absent: None

Motion Carried: 6:0:0

Resolution 19-30: 2020-2024 Five-year Plan

In conjunction with the Housing Reform Act of 1998, SMHO is required to submit a five-year plan every fifth year. The plan includes goals and objectives for the next five years, a progress report for the previous five years, Violence Against Women Act (VAWA) goals, significant amendment (if applicable), Resident Advisory Board comments, and certification by state or local officials. The proposed SMHO five-year Plan covers the fiscal years 2020 through 2024. There was discussion related to the goals and objectives section of the plan (B.2), with some concern the goals of the City's Comp Plan were not more closely integrated into SMHO's five-year plan. There is general reference to the Comp Plan and Housing Study in Strategic Objective # 2 and Director Reitz indicated the work towards that goal could be reflected in more detail in the annual agency plan. The annual agency plan also allows for significant amendments to the five-year plan, if needed.

It was moved by COMMISSIONER EBBS and seconded by COMMISSIONER HEUMANN TO ADOPT RESOLUTION 19-30, APPROVING the 2020-2024 FIVE-YEAR PLAN.

Ayes: Chairman Henderson, Vice Chairperson Cronenberger, Commissioners Ebbs, Heumann, Madrid, and Meagher

Nays: None

Absent: None

Motion Carried: 6:0:0

Resolution 19-31: Employee Incentive Plan

For some time, the SMHO leadership team has been considering implementing an employee incentive plan. Due to the challenges of recruiting and retaining staff with the appropriate amount of experience and expertise, we feel it is the appropriate time to implement a plan. The incentive plan expense was included in the 2019-2020 SMHO Operating Budget and assumed that all employees would achieve 100% of their bonus potential. This figure is conservative, as we do not expect all employees to achieve their full bonus over the entire year. The employee incentive plan would be effective immediately, with the first quarter ending on December 31, 2019.

- We think an incentive plan will:
 - › Promote teamwork
 - › Align goals with agency, department, individuals
 - › Help with employee retention and recruitment

- The general framework will consist of three Key Performance Indicator (KPI) Tiers:
 - › Organization
 - › Department
 - › Individual

- The amount of the bonus will be 5% of Total Salary = 100% Bonus Potential, which will be measured and paid out quarterly

- KPI Tiers will be prioritized as follows:
 - › Tier 1 – Organization
 - Up to 5 organization wide KPIs/goals per quarter
 - › Tier 2 – Department
 - Up to 5 department wide KPIs/goals per quarter
 - › Tier 3 – Individual
 - Up to 5 individual KPIs/goals per quarter

- KPI Goal Setting:
 - › Tier 1 – Set and tracked by ED with input from leadership team
 - › Tier 2 – Set and tracked by department head with input from team, leadership, and approval from ED
 - › Tier 3 – Set by individual with input and approval from manager and department head

It was moved by COMMISSIONER EBBS and seconded by VICE CHAIRPERSON CRONENBERGER TO ADOPT RESOLUTION 19-31, APPROVING the EMPLOYEE INCENTIVE PLAN.

Ayes: Chairman Henderson, Vice Chairperson Cronenberger, Commissioners Ebbs, Heumann, Madrid, and Meagher

Nays: None

Absent: None

Motion Carried: 6:0:0

Resolution 19-32: Habitat for Humanity Letter of Intent (LOI)

In the past we have discussed working with an agency like Habitat for Humanity in the disposition of the Public Housing scattered sites. Resolution 19-32 authorizes staff to negotiate and execute a letter of intent and agreement with Habitat for Humanity of Metro Denver, Inc. The professional services agreement includes the updating, financing, and sale of up to 59 single family homes and duplexes. Working with Habitat would allow the units to remain affordable for sale homes for many years. The lack of affordable for sale homes was one of the primary findings of the Littleton Housing Study conducted by BBC Consulting. This agreement is also related to the Section 22 application process that SMHO has undertaken. Staff thinks having this type of agreement in place will demonstrate to the Department of Housing and Urban Development (HUD) that our plan for Section 22 has been well thought out and the framework is put in place for a successful transition.

It was moved by VICE CHAIRPERSON CRONENBERGER and seconded by COMMISSIONER HEUMANN TO ADOPT RESOLUTION 19-32, APPROVING the HABITAT FOR HUMANITY LOI.

Ayes: Chairman Henderson, Vice Chairperson Cronenberger, Commissioners Heumann, Madrid, and Meagher

Nays: None

Absent: None

Abstention: Commissioner Ebbs

Motion Carried: 5:0:0:1

Item # 8 – Staff Reports

- Website
 - The new website should be operational by the next board meeting. The goal was the end of November but should be done by the middle of December at the latest
- Foster Youth to Independence Initiative (FYI)
 - Staff was told by the local HUD field office that an informational meeting would be held to discuss the FYI vouchers, but that has not happened
 - There is a Notice of Funding Availability (NOFA) that is due in early December
 - May need to enlist help from a consultant to complete the application in time
- Working with communications consultant to get feedback from the community regarding SMHO and affordable housing in general
 - We know there are negative perceptions of affordable housing in the community, but the objective of gathering information is to clarify the specific ideas and

thoughts community members have (i.e. decreased home values, residents pay no rent)

- Trying to figure out what groups of community members to engage (i.e. businesses), as there isn't the capacity to engage hundreds of people
- It was suggested that we speak with Kathleen Osher at the city, since they have done so much work in getting feedback from the community regarding Envision Littleton
- It was also suggested that we participate in city sponsored events that would allow us to have a booth and be more visible
 - Meet and greets
 - Western Welcome Week
 - Littleton Criterium

Item #9 Commissioner Reports

- Retreat recap and next steps
 - Annual board retreat was held in October and was in conjunction with the Housing CO annual conference
 - All board members attended the retreat and the conference, which was a great time for learning and for planning for the future

- Job Descriptions for all committees need to be completed

Item #10 Executive Session

The Regular Meeting was recessed into Executive Session at 7:40 p.m.

Item #11 – Other Business

There was no other business.

Item #12 – Next Meeting is December 12, 2019

It was moved by COMMISSIONER HEUMANN and seconded by COMMISSIONER MEAGHER THAT THE MEETING BE ADJOURNED. The motion carried. There being no further business, CHAIRMAN HENDERSON adjourned the meeting at 8:15 p.m.

ATTEST:

Kyle Henderson
Chairman

Corey Reitz
Secretary