

HOUSING ADVISORY COMMITTEE
December 9, 2009 12:00-1:00 1 p.m.
Salem Housing Authority
Robert Lindsey Tower Community Room
360 Church Street SE, Salem

1. ROLL CALL

2. MINUTES

2.1 Approval of October 28, 2009 Meeting Minutes (to be distributed at the meeting)

3. REPORTS

3.1 Program Management Report

4. ACTION ITEMS

4.1 Application for CDBG and HOME Funds

4.2 Amendment to Southfair Partnership Agreement

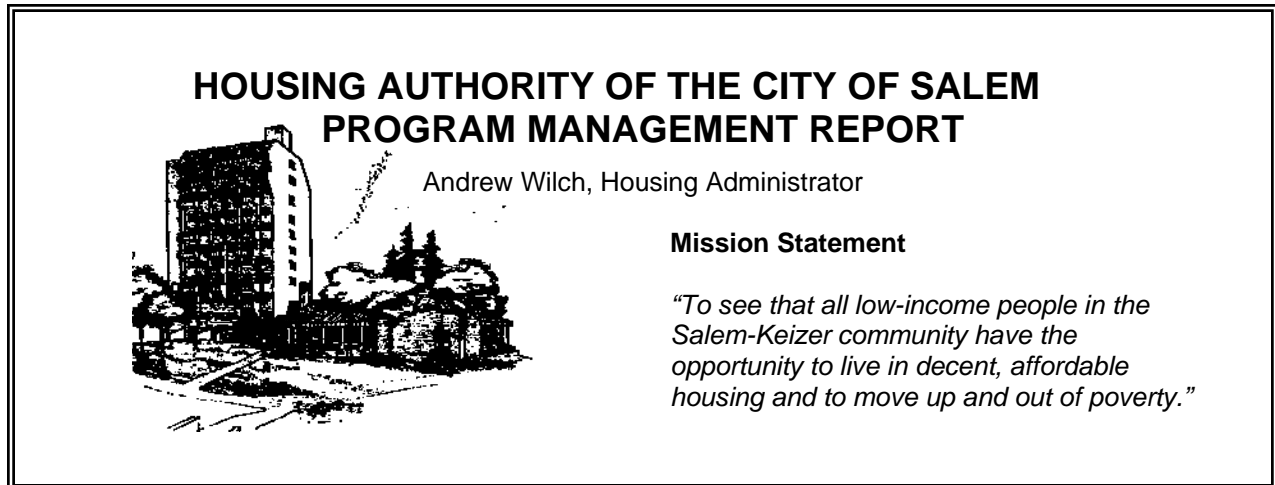
5. OTHER BUSINESS

5.1 2010 HAC Tentative Meeting Dates (please calendar):

January 20, February 17, March 24, April 21, May 19, June 23, July 21,
August 18, September 22, October 20, November 17, December 22

6. NEXT MEETING

6.1 January 20, 2010



NEW COMMUNITY CONNECTIONS

Shop with a Cop

Salem Housing Authority will once again participate in the annual Law Enforcement for Youth “Shop with a Cop” event. Law Enforcement for Youth is a local 501c3, all volunteer, non-profit organization.

This year’s event will be held on December 12, 2009 from 9 to 11:30 a.m. at the South Commercial Wal-Mart store. The popular fundraiser provides an opportunity for low income, at-risk and medically-challenged youth ages 3 to 15 to interact in a positive way with law enforcement officers as they shop together for a holiday gift.

Children are pre-selected through partnerships with local school resource officers and service agencies such as Marion County and City of Salem housing authorities. Each child is provided with a donated \$25.00 gift card and paired with a local law enforcement officer to shop for what in some cases may be one the only holiday gift the child receives.

Salem Housing Authority has been allotted 120 spots for the Shop with a Cop event and looks forward to providing this positive experience to its assisted housing families.

EMERGENCY HOUSING PROGRAMS

Interim Housing Program

The 2009-10 funding program year began July 1, 2009. The budget for cash assistance is \$60,528 funded from the City of Salem’s Community Development Block Grant (CDBG) program. To date, Salem Housing Authority (SHA) has served 52 families with funds totaling \$23,347 or \$449 per household, compared to 31 households served with emergency cash assistance at this time last year.

The Interim Housing Program is designed to help families with a temporary lapse in income or unexpected increase in life-essential expenses to avoid becoming homeless. Funds are paid to the applicant’s landlord for up to one month of rent or a security deposit.

SHA will not apply for funds to administer the Interim program beginning with the 2010-11 funding year. Through cooperative agreement with local social services agencies, Mid-Willamette Valley Community Action Agency (MWVCAA) has agreed to apply for CDBG funding on behalf of several area service providers including SHA, in efforts to consolidate and more effectively distribute available funding resources to clients with critical need.

Security Deposit Program

The Security Deposit 2009-10 funding program year began July 1, 2009. The budget for cash assistance is \$30,600. To date, SHA has served 26 families with funds totaling \$10,873 or \$418 per household, compared to 36 households served with emergency cash assistance at this time last year.

The Security Deposit program provides one-time security deposit assistance for households newly certified to receive a Section 8 Housing Choice Voucher. Eligible households have income less than 50 percent of area median income and lack the means to pay a security deposit.

Emergency Housing Programs

Program	Program Budget	Expended to Date	Program Balance	Families Served to Date	Average Assistance Per Family	Budget Period	Percent Budget Year	Percent Budget Spent
Interim	\$ 60,528	\$ 23,347	\$ 37,181	52	\$ 449	7/09-6/10	42%	39%
Security Deposit	\$ 30,600	\$ 10,873	\$ 19,727	26	\$ 418	7/09-6/10	42%	36%
Total	\$ 91,128	\$ 34,220	\$ 56,908	78	n/a	n/a	n/a	n/a

Assisted Households

Program	Maximum Units	Bedroom Size						Occupied Units	Occupancy Percentage
		0	1	2	3	4	5+		
Authority-Owned Or Managed									
Public Housing (Senior & Family)	307	-	62	21	165	39	11	298	97%
Duplex-Triplex (Large Family)	11	-	-	1	6	3	-	10	91%
Englewood East (Senior/Disabled)	50	-	47	3	-	-	-	50	100%
Sub-Total	368	-	109	25	171	42	11	358	97%
Tax Credit Partnerships									
Englewood West (Senior)	54	-	52	-	-	-	-	52	96%
Southview Terrace (Senior)	60	-	59	-	-	-	-	59	98%
Southfair Apartments (Family)	40	-	10	22	5	-	-	37	93%
Parkway Village (Family)	124	-	-	88	46	-	-	134	108%
Sub-Total	278	-	121	110	51	-	-	282	101%
Project Based Subsidy									
Section 8 - Mod Rehab	33	23	4	4	2	-	-	33	100%
Sub-Total	33	23	4	4	2	-	-	33	100%
Tenant Based Subsidy									
Housing Choice Vouchers	2,764	14	790	1,090	690	134	68	2,786	101%
Total	3,443	37	1,024	1,229	914	176	79	3,459	100%

Purchases Approved Administratively

Vendor	Project Description and Funding	Amount
NW Elevator	Southview Terrace Apts. Elevator Rehabilitation	\$142,525.00
Reliant Elevator	Englewood West Apts. Elevator Rehabilitation	\$88,665.00

BUSINESS PROFILE

What the public may not know...

The Housing Authority has day to day asset and property management responsibilities to oversee a residential real estate portfolio consisting of 110 properties with 646 units of housing. This housing portfolio consists of two primary groups of properties: public housing properties and affordable housing properties. The distinction between these two groups of properties is generally delineated by the type and structure of the project financing. Public housing properties are financed solely by public resources from the Federal Department of Housing and Urban Development; affordable housing properties are financed by public resources from federal, state and local governments as well as private sector investors.

The agency's overall asset and property management mission focuses on providing the highest quality, healthy living environment for our residents and clients. Along with this hands-on client and property management activity comes extensive agency obligations to ensure compliance, reporting and accountability both to the funding partners as well as the general public. To meet these obligations the housing authority engages in a series of annual audits to review

all agency housing properties and to monitor the overall financial condition of the agency. Over the next few months we will highlight the types of audits and oversight reviews the Housing Authority moves through each and every year. Below is a list of all of the Agency Annual Financial Audits and Housing and Urban Development (HUD) reviews.

Agency Annual Financial Audit and HUD Review Schedule

Program Area	Type of Funding/Audit	Auditor	Current or most recent Audit date	Next review	Comments
Combined Annual Agency Audit	Agency Financial	Private Auditor Grove Mueller & Swank PC	11/2008	12/14/09-12/18/09	Financial Audit
	Section 8 Program	Grove Mueller & Swank PC	11/2008	12/14/09-12/18/09	Financial Audit and tenant file review
	Public Housing Program	Grove Mueller & Swank PC	11/2008	12/14/09-12/18/09	Financial Audit and tenant file review
	Capital Fund Program	Grove Mueller & Swank PC	11/2008	12/14/09-12/18/09	Financial review
	Moderate Rehab Program	Grove Mueller & Swank PC	11/2008	12/14/09-12/18/09	Financial Audit and tenant file review
Rental Income Monitoring (RIM)	Section 8 Program Tenant Files	HUD	2005	Periodic TBD	Tenant file income verification
	Public Housing Program Tenant Files	HUD	2005	Periodic TBD	Tenant file income verification
Real Estate Assessment Center (REAC)	REAC Property Inspections	HUD	11/16-11/20/2009	Periodic TBD	Full performance audits reviewing 4 specific components: property condition, financial performance, management assessment and resident survey.
	REAC Financial		11/2007	12/2009	
	REAC Management Assessment		11/2007	Periodic TBD	
	REAC Resident Survey		11/2008	Periodic TBD	
Stop Loss/Single Asset Management	Compliance audit to establish annual funding	HUD TBD	SAH program approved 12/2008	Periodic TBD	Review of Stop Loss performance and Single Asset Management
Section 504 ADA Monitoring	Compliance	HUD	Periodic	Periodic TBD	Required every five years during extended use period
Fair Housing Monitoring	Compliance	HUD	Periodic	Periodic TBD	Required review of every two years

Report Prepared by Andrew Wilch, Housing Administrator
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TO: HOUSING ADVISORY COMMITTEE

FROM: ANDY WILCH, HOUSING ADMINISTRATOR

DATE: DECEMBER 9, 2009

SUBJECT: APPLICATION FOR CDBG AND HOME FUNDS

ISSUE

Should the Housing Advisory Committee recommend that the Salem Housing Authority Commission authorize Salem Housing Authority (SHA) to apply to the City of Salem for 2010-11 HOME and Community Development Block Grant (CDBG) funds.

RECOMMENDATION

The Housing Advisory Committee recommend that the Housing Authority Commission authorize application for CDBG and HOME Funds.

BACKGROUND

The Urban Development Department administers HOME and CDBG funding that HUD allocates each year to the City of Salem. The funding can be used for a wide variety of housing and community development programs and facilities benefiting low-income residents. This year, Urban Development will close applications on December 15, 2009. Applicant organizations that are governed by a board of directors must provide a resolution of consent to submit the HOME or CDBG application. Applications that are approved by City Council in early 2010 will be funded for the program year beginning July 1, 2010 and ending June 30, 2011.

FACTS AND FINDINGS

SHA intends to submit one application for HOME funds and one application for CDBG funds by December 15, 2009. Following is a brief description of each project with estimated dollar amounts.

HOME Application for Security Deposit Program – \$37,125

SHA will request \$37,125 to continue operation of the Security Deposit Assistance Program. This program provides a cash grant to landlords on behalf of tenants entering the Housing Choice Voucher program when the household lacks the resources to pay some or all of the security deposit. The requested funding will assist approximately 54 families. SHA currently operates the Security Deposit Assistance Program with a \$30,600 budget for the July 1, 2009 to June 30, 2010 program year.

CDBG Application for Meadowlark Village - \$50,000

Meadowlark Village is a 30-unit apartment complex for large families located on Sunnyside Road S.E. The property is 36 years old and has original aluminum-framed, dual-glazed windows. Approximately 30 percent of the windows have deteriorated seals so that the windows are permanently fogged and provide little or no insulation. While SHA could replace the dual glazed windows within existing frames, greater energy efficiency and labor savings can be achieved by replacing all windows with new, vinyl-framed windows. The requested CDBG funds will be supplemented by funds from the HUD Capital Fund Program.

The Housing Advisory Committee is requested to recommend that the Housing Authority Commission authorize submission of HOME and CDBG applications for the above-listed projects.

TO: HOUSING ADVISORY COMMITTEE

FROM: ANDY WILCH, HOUSING ADMINISTRATOR

DATE: DECEMBER 9, 2009

SUBJECT: AMENDMENT TO SOUTHFAIR PARTNERSHIP AGREEMENT

ISSUE

Should the Housing Advisory Committee recommend that the Salem Housing Authority Commission authorize the Executive Director to execute documents to reallocate certain expenses of the Southfair Limited Partnership to the General Partner?

RECOMMENDATION

Housing Advisory Committee recommend that the Housing Authority Commission authorize the Executive Director to execute the Second Amendment to the First Amended and Restated Agreement of the Southfair Apartments Limited Partnership.

BACKGROUND

Southfair Apartments is a 40-unit rent restricted, rental housing complex located at 1901-1983 Fairground Road NE in Salem. The complex consists of a mix of one, two and three bedroom units. Thirty-five units are restricted to households earning 60% of adjusted median income.

In 1999 the Salem Housing Authority (SHA) (the "General Partner" or "GP") created the Southfair Apartments Limited Partnership to develop, own and manage the project with the Oregon Equity Fund IV Limited Partnership (the "Limited Partner" or "LP"). The project utilized the Low-Income Housing Tax Credit Program and the State Risk Share Bond Program administered by Oregon Housing and Community Services to finance the development of the project. The project was completed and put in service in 2000.

In general, the Low-Income Housing Tax Credit Program provides tax credits to the LP for facilitating the direct investment of capital equity into the project. In turn for this equity investment to the project come certain responsibilities for the project to deliver an agreed to level of "total benefits" (inclusive of the tax credits) to the LP. If this agreed to level of total benefits is not delivered to the LP from the project, as stipulated in the partnership agreement, then the GP assumes responsibility to provide compensation for some or all of the total benefit deficit. Currently, the LP is at risk of not receiving agreed to benefits from the project.

The intent of this Second Amendment to the First Amended and Restated Agreement of Limited Partnership of Southfair Apartments Limited Partnership is to reallocate project expenses to the General Partner—the Housing Authority. The purpose of reallocating some expenses to the GP is to ensure that the LP has sufficient capital balance to be able to get allocated the remaining tax credits. The reallocation of expenses ensures that the LP capital balance doesn't get reduced too quickly. If LP doesn't have sufficient capital, then the GP will get allocated the tax credits. The result of this is twofold. First, the GP will get tax credits which they will be unable to utilize and second the GP will not be delivering all the tax credits that were promised to under the partnership agreement. Under the partnership agreement, a shortfall in credit delivery to the LP will mean that the GP would have to compensate the LP for undelivered credits. This compensation is through an additional capital contribution that would be required by the GP to the partnership. The Commission approval of the reallocation of some project expenses to the GP will meet the obligations set forth in the partnership agreement and allow the GP to avoid making compensation to the LP for a shortfall in tax credit delivery.

FACTS AND FINDINGS

As the General Partner to Southfair Apartments Limited Partnership, SHA does assume the obligations set forth in the partnership agreement. The reallocation has the effect of allowing SHA to meet its obligations as General Partner and at the same time avoid the need to make a capital contribution to the partnership. The additional reallocated expenses are treated as a "Loss on Project Equity" in the agency financial reports. These losses do reduce the equity position of SHA in the property but are paper losses on the financial balance sheet of the Agency. A similar situation occurred in 2008 with the Parkway Apartment Limited Partnership when the Limited Partner was unable to accept any additional partnership losses and therefore requested that SHA as General Partner take similar action to accept the allocation of partnership losses

The Housing Advisory Committee is requested to recommend that the Housing Authority Commission authorize execution of the Second Amendment to the First Amended and Restated Agreement of the Southfair Apartments Limited Partnership.