

Northwest Oregon Housing Authority
147 South Main Ave, Warrenton, Oregon 97146
Work Session Board Meeting on March 14, 2023, 9 am
Via TEAMS
Meeting ID: 221 569 732 520
Passcode: BJ6ReK

The work session meeting of the Northwest Oregon Housing Authority (NOHA) was called to order at approximately 9:08 am

ROLL CALL:

COMMISSIONERS PRESENT: Nina Reed, David Oser, Verda Heilman, Mary Faith Bell, Margaret Magruder, Sandie Wiggs, Leila Aman

ABSENT : Romy Carver, Mark Kujala

STAFF: Elissa Gertler -Executive Director, Shannon Callahan -Deputy Director, Sean Barrera- Finance Manager

The proposed agenda¹ from the Teams invite from Elissa was the following:

- Financial Status and Discussion
- Operational Status and Discussion
- Next Steps

Nina Reed opened the meeting and asked Sean to give the Board an update of where the Northwest Oregon Housing Authority (NOHA) is financially as of January 31st, 2023, with our budget, cash flows and analysis and development fund.

Elissa decided not to start the meeting with a Financial Discussion but to insert her PowerPoint presentation instead.

¹ *The Board was not informed as to the specific purpose of the meeting and did not receive any materials in advance. The Board had no opportunity to review and study the PowerPoint or its accuracy prior to the meeting to cause any concerns or formulate questions, specifically if the material is financial or statistical information where it needs to be accurate and studied before a meeting.*

Slide 1: Elissa showed slide 1 of her Operations Baseline as of August 2022



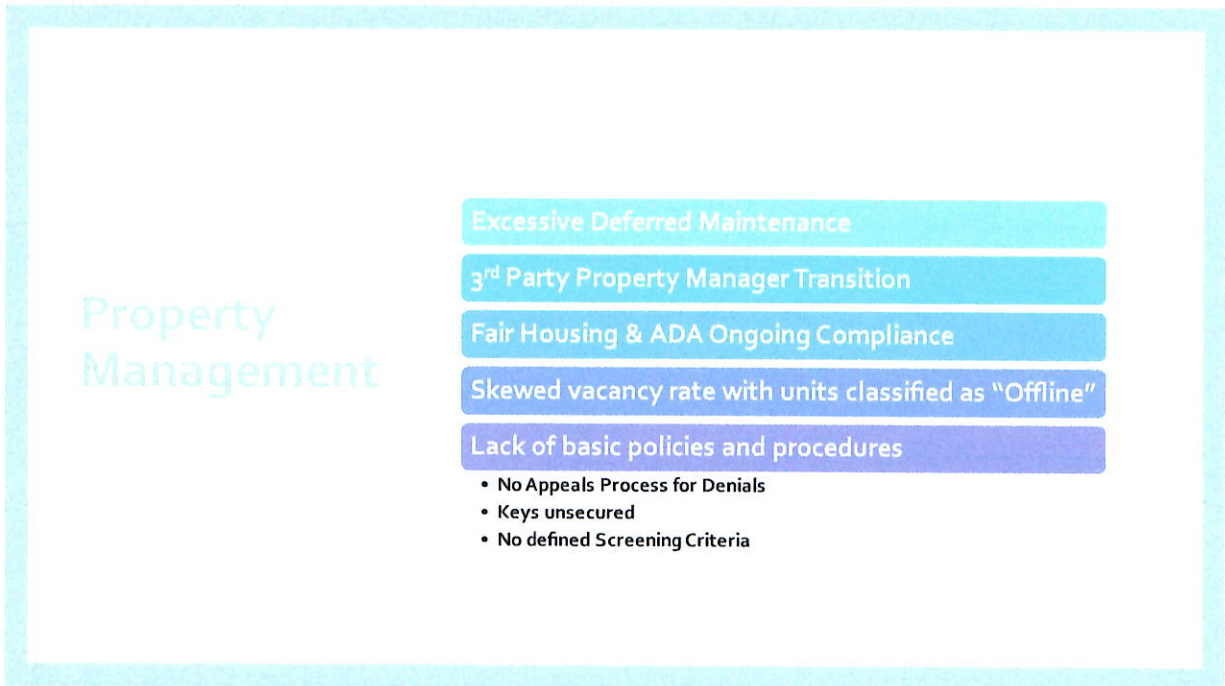
Slide 2: Elissa showed a slide that the HCV Program managed by Quadel as of August 2022 was operating as a Standard performer with HUD.



Slide 3 and 4: Elissa discussed that she wanted to approach the NOHA operational status with a focus on Property Management, Asset Management and Financial Management.

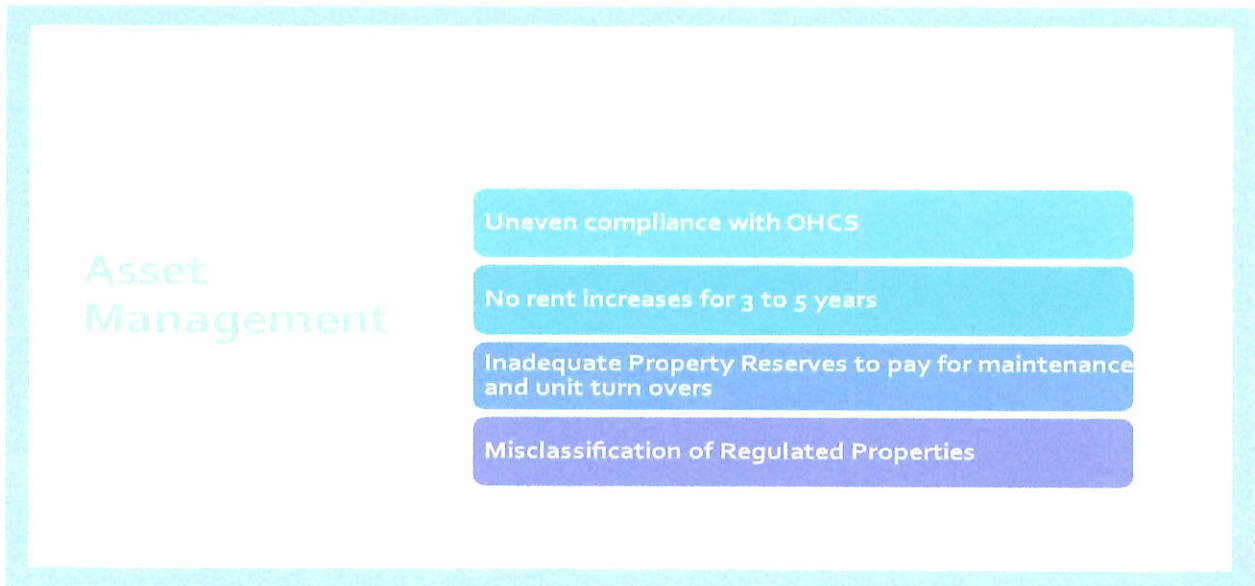


She stated the items below for Property Management²:



² There was no discussion of the 3rd Party Manager Transition, Fair Housing and ADA Compliance and Lack of Basic Polices and Procedure topics listed on this slide while this slide was projected.

She stated the items below as slide 5 for Asset Management:

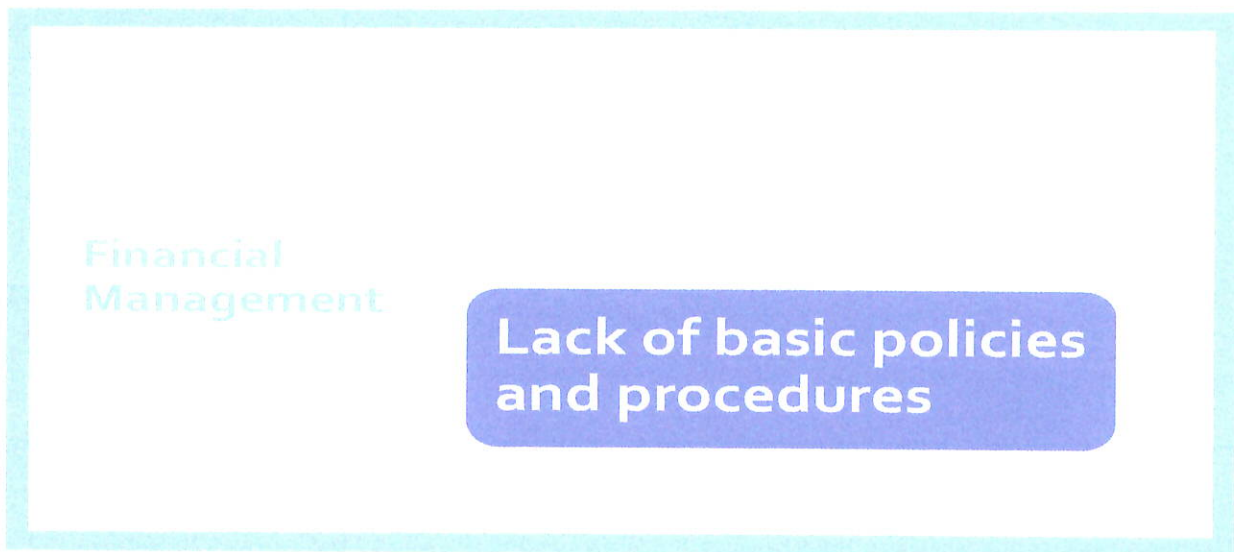


Asset Management

- Uneven compliance with OHCS
- No rent increases for 3 to 5 years
- Inadequate Property Reserves to pay for maintenance and unit turn overs
- Misclassification of Regulated Properties

This slide features the title 'Asset Management' on the left. To the right, four horizontal bars of varying shades of blue and purple contain the following text: 'Uneven compliance with OHCS', 'No rent increases for 3 to 5 years', 'Inadequate Property Reserves to pay for maintenance and unit turn overs', and 'Misclassification of Regulated Properties'.

She stated the following in slide 6³



Financial Management

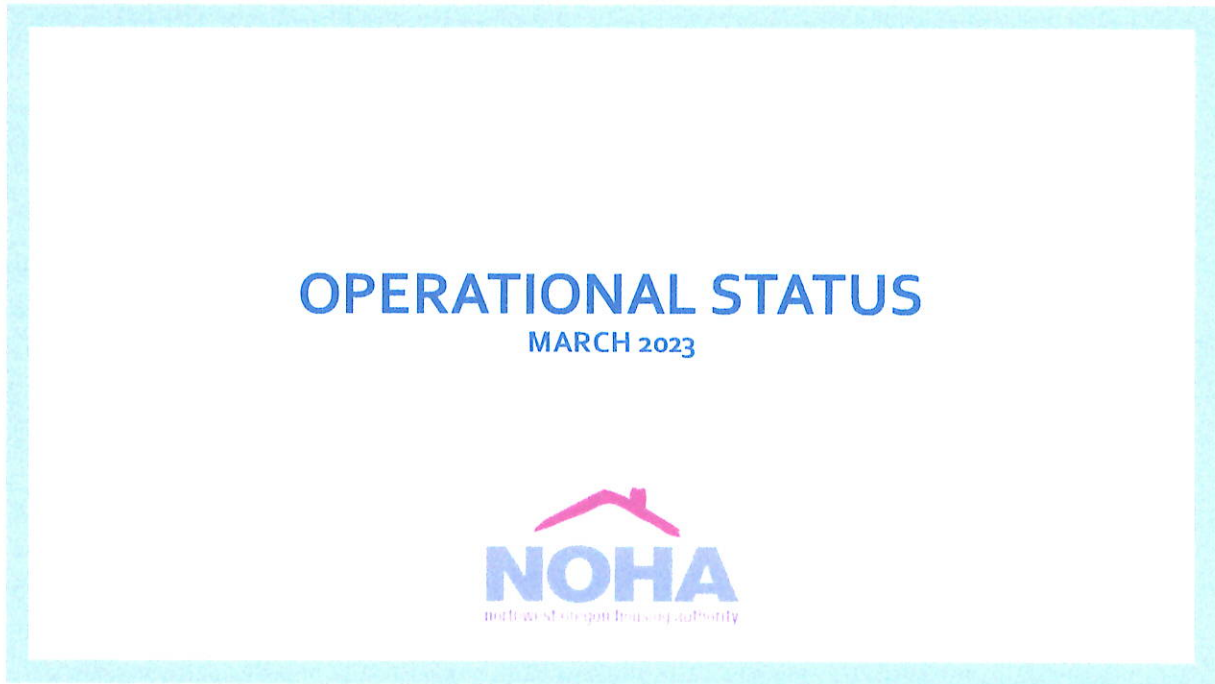
Lack of basic policies and procedures

This slide features the title 'Financial Management' on the left. To the right, a large purple rounded rectangle contains the text 'Lack of basic policies and procedures'.

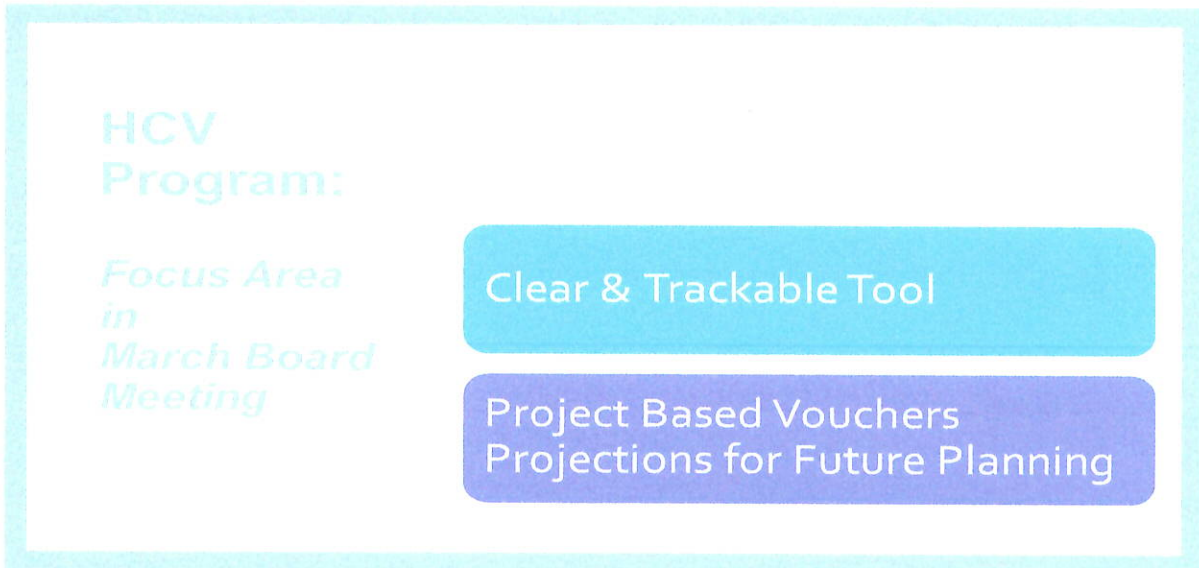
Verda Heilman commented, "Where are a copy of our policies and procedures? Where are they?"

³ NOHA has approved policies. The NOHA Procurement Policy was adopted by the NOHA board on December 2, 2021 in Resolution 2021-30

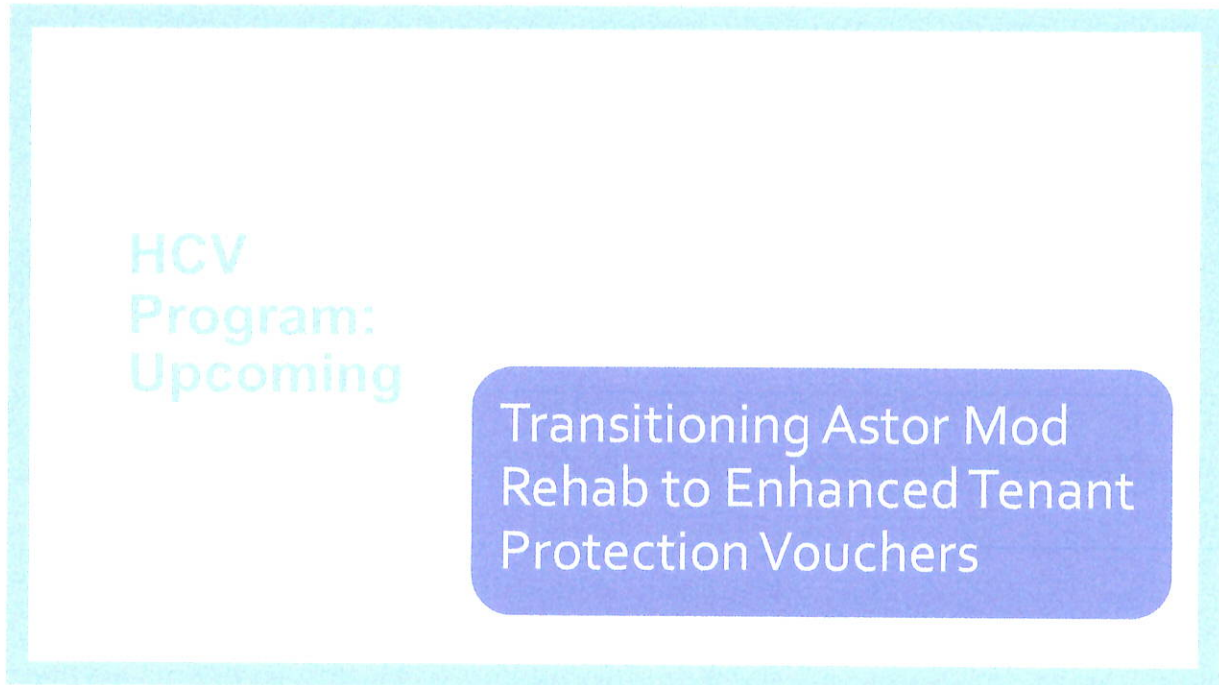
In Slide 7, Elissa transitioned to her Operational Status report as of March 2023



In Slide 8, Elissa stated that at the March Board meeting, Sandra Soucie in the HCV program worked on a power point presentation to the Board on what our total number of vouchers in all categories that are received from HUD; Elissa stated that it is a clear and trackable tool and that we also have a clear and trackable tool for the Project Based Vouchers for projections on future planning for project based vouchers.



In Slide 9, Elissa also stated that inspection charges⁴ using Independent Inspectors would save NOHA \$10,000 plus every year. Sandra Soucie and her HCV team are working on giving tenants at the Astor Mod Rehab Program Enhanced Tenant Protection Vouchers.



Slide 10 was a repeat slide of 3, and not reviewed during the meeting.

Shannon Callahan, Deputy Director then gave a brief overview of slides 11-14.

⁴ HUD requires NOHA to use an independent inspector that has been approved by HUD to inspect units that are owned by NOHA, or where NOHA has an ownership interest. Based upon recent guidance received by the Portland HUD Field Office, NOHA was able to reduce the number of inspections required to be completed by an independent inspector.

Slides 11 and 12 - Shannon showed the Board her knowledge of how many NOHA Properties and units are at NOHA since her employment started in mid-January⁵.

NOHA Property Portfolio Overview

NOHA Owned	15 rental properties with 322 units
9 Affordable Rental Properties in OHCS's Portfolio with 208 units	
5 Rental Properties without known restrictions for a total of 52 units	
1 USDA/RD property for a total of 12 units	
+ 1 commercial property (NOHA office)	
NOHA Owned in Pre -Development	1 rental property with 50 units
1 Affordable in OHCS's Portfolio in pre -development with 50 units	
NOHA Limited Partner	4 rental properties with 471 units

Property Management Overview

- NOHA self manages 8 of 15 properties
- NOHA self manages 157 of 322 units (50%)
- NOHA self managed properties span all three service counties

⁵ The descriptions and unit counts provided by Shannon in Slides 11 and 12 are not consistent with the Board's understanding of unit counts at NOHA. This slide should not be considered accurate.

Slide 13- Shannon and Elissa discussed with the Board their interpretation of Tiered Approach Definitions: They are noted in the PowerPoint slide below.

Tiered Approach Definitions

Rent Ready:	Repaired, Cleaned and Available for Rent
Tier I:	Can be "Rent Ready" within 14 days
Tier II:	Can be "Rent Ready" within 30 days, more significant repairs needed
Tier III:	Undetermined rent readiness of more than 30 days due to scope of work , contractor availability, or insurance claim
Offline:	Removed from the rental market permanently

Slide 14: Shannon and Elissa discussed NOHA Self-Managed Properties Rental Status Slide with their Tiered System showing we have an 85% Vacancy rate⁶.

NOHA Self-Managed Properties Rental Status

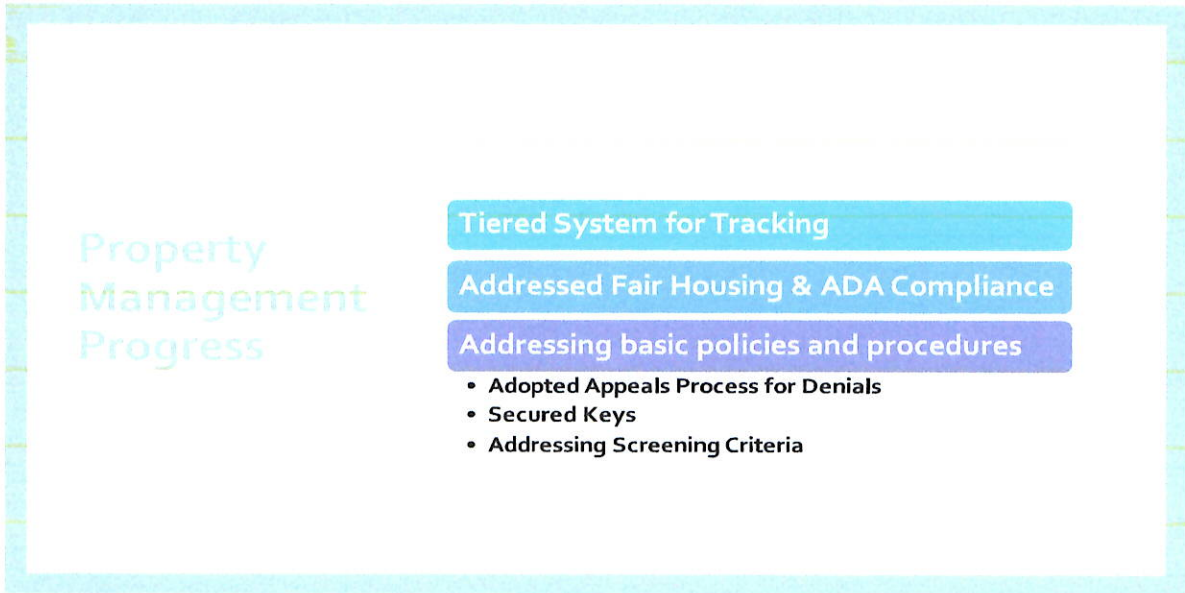
Leasing of NOHA Managed Properties	Total Units	Offline	Vacant Total	Rent Ready	Tier I	Tier II	Tier III
Jerry Woodward	10	0	1		1		
Pine Court	4	0	1			1	
Echanie Court	12	0	4		2	1	1
Gable Park	32	0	2		1	1	
Gable Road	3	2	0				
Clatsop Shores	42	0	7	2			5
Owens Adair	46	0	6	2	2	1	1
Tillkum	8	0	2		2		
	157	2	23	4	8	4	7

**85%
Vacancy
Rate**

Sandie Wiggs noted that there are the same number of vacant units as the last prior month and wanted to know why there were so many vacant units in a tight rental market. Management responded that the waiting lists are very old and it takes 50 calls to get one call back.

⁶ The vacancy rate is 15%. The proper title on this slide should be 85% Occupancy Rate.

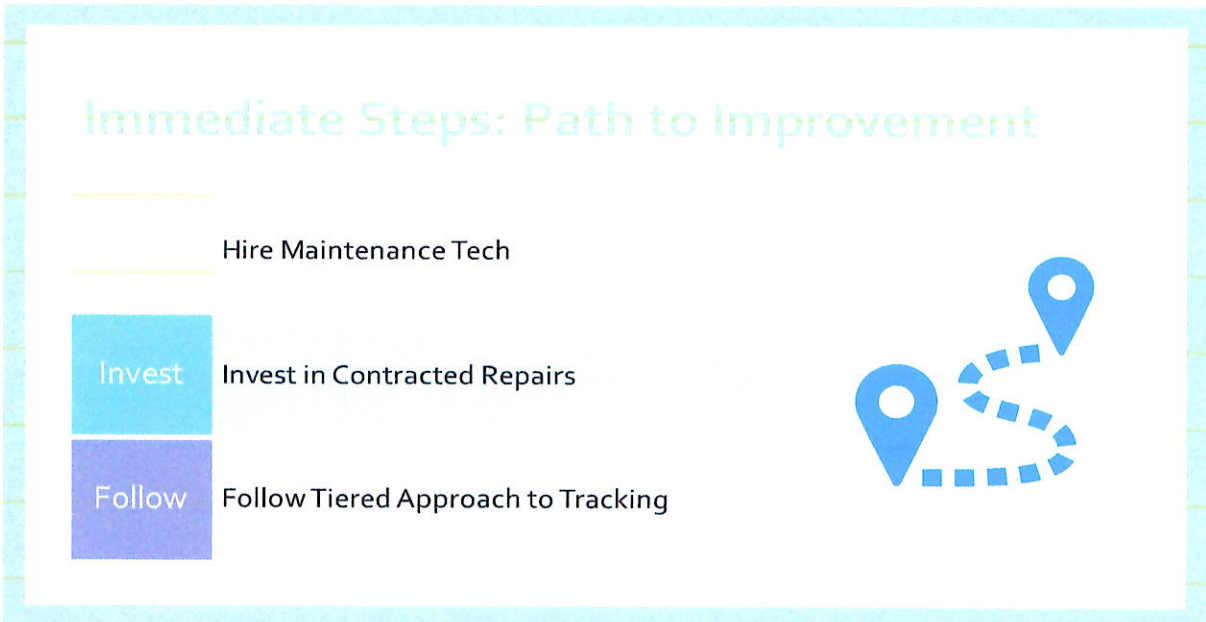
Slide 15: Management also noted that they will aggressively start renting and that Fair Housing and ADA compliance issues are being addressed



Property Management Progress


- Tiered System for Tracking
- Addressed Fair Housing & ADA Compliance
- Addressing basic policies and procedures
 - Adopted Appeals Process for Denials
 - Secured Keys
 - Addressing Screening Criteria

Slide 16: Elissa stated that we needed to hire a maintenance tech, invest in contracted repairs and follow a tiered approach to tracking our units from the time the unit is vacant to newly leased. Sandie Wiggs did not agree with Tiered Approach Slide. According to Commissioner Wiggs, the tiers are not within industry standards.



Immediate Steps: Path to Improvement

- Hire Maintenance Tech
- Invest in Contracted Repairs
- Follow Tiered Approach to Tracking



Slide 17: Elissa stated that Next steps would be to have an Asset Management Plan for each property; Have routine rent increases, replenish property reserves and adopt best practices in property management policies and procedures.



Elissa recommended that NOHA move forward with hiring a third-party asset management company called HDC to develop an asset management plan for all our properties, specifically for Echanie Ct and Clatsop Shores for a fee of \$55,000.00.

The Board had several questions and concerns for Elissa on the PowerPoint presentation, specifically about the distinction between asset management and property management.

Management responded that we need to do a portfolio assessment to determine the best option for each property. We need to institutionalize asset management. We don't have the capacity to add asset management as a function to the staff.

David asked whether it made more sense to hire someone or use a consultant.

Shannon explained and recommended we use a consultant because we are a small agency. Shannon noted that NOHA was requesting a proposal from a consultant named HDC for Clatsop Shores and Echanie Court. She further stated that Clatsop Shores- the debt service is untenable. With Echanie Court, there are 4 empty units and USDA certification to rent them. She stated that there are no reserve funds at Echanie Ct and that it requires \$8,000 to turn units there. The consultant and or NOHA would have to do a scope of work and submit the request for repairs. Two units will be turned in -house and two with contractors. In addition, roof repairs are needed.

Sandie Wiggs asked for a vacancy aging report, and she wanted to know how far along NOHA is in getting bids for the work.

Elissa stated that affordable and available contractors in Tillamook County are difficult to hire, especially for NOHA due to dishonest and unpleasant NOHA employees.

Leila Aman mentioned in the chat, “as a new board member of the board – a bit alarmed at some of the things I am hearing right now so really need to get behind a plan to get on track.”

Shannon noted that we need plans for each property. She noted that Gable Park is going to a LIHTC program. Shannon stated that there are misclassified properties such as Jerry Woodward, Sandhill, Tillicum, Owens Adair and Gable Park. Shannon stated that they would review rents annually which is the standard and HUD would provide the rental information on the AMI with a cap on rental increases of 5 %. She stated that if we had kept current at Gable Park, we would have had an increase of rental income of \$17,000 per month and \$21,000 per month for Clatsop Shores. Shannon stated we can raise rents 14.6% for the year 2023. Too much money has been left on the table for too long.

Sandie Wiggs asked, “What are the rents for the new turns?” Shannon stated we are charging the current AMI rents and the big issue is how to give an increase to those who have not had an increase in over 5 years. She noted that the Gable Park rents should be lower than 60% AMI to avoid competing with Broadleaf and to rent Gable Park at 50% AMI. Shannon stated that there is a problem of over-income tenants.

Sean stated leasing the units is essential. 80% occupancy does not pay our bills. He states that rents have not been raised in three to five years.

Sean stated that development fees will be used for some deferred maintenance and future development. Management proposed a development reserve fund to make a policy that would formally use the fund as follows: 10% for overhead; 40% for repairs to units and 50% for future developments. Management stated that financial management policies will be completed in May and Property Management policies by June. There was strong agreement for not using development funds for operations, but a strategy is needed for the property units that have damage.

Elissa stated capacity funding may be available from the State and that the asset management will be a contract position using the development fund.

Nina Reed asked Sean to show what the organization is paying for salaries and benefits. It was \$624K estimated administrative salaries and benefits for FY 2024 projections, not counting Sean Barrera’s contract as Finance Manager. FY 2023 amended budget showed a deficit of 211K.

Sandie stated we need to have a balanced budget.

Mary Faith Bell said that she is concerned about the budget, in particular cash flow, which looks as though it will be in the red in the near future if we do not generate additional revenue. Mary Faith said that she wants to see NOHA invest \$55,000 in renovating properties and rental units so that they can be rented, rather than spending \$55,000 on an asset management plan.

Sean confirmed that increasing revenue through renting vacant properties is what NOHA can do to increase revenue currently.

Elissa said that she and Shannon are working on future development deals to bring in revenue, and she is expecting more revenue from Clatsop County.

Mary Faith stated that we already know what needs to be fixed in our properties, we do not need an asset management plan to tell us what repairs are required. Fixing rental properties and filling vacancies should be our priority.

Shannon talked about needing an asset management plan to prioritize repairs, as NOHA may not want to make large investments in properties they do not intend to hold long term.

Elissa said that she wanted to do both, property repairs and asset management.

Nina Reed stated that she is not inclined to spend any more money on a consultant or another employee until all units are rented so we can pay the salaries we have now. We know our properties and don't need to spend the money. Nina added that she would rather spend money on hiring a contractor to repair our properties with the money than have a consultant.

Sandie Wiggs was concerned that salaries were too high with the number of units that NOHA self manages. (157 units) Sandie expressed concern that the Board had no schedule of aging for tenant receivables and evictions. Elissa stated, "We follow the law" with regards to eviction.

Sandie Wiggs and Mary Faith stated they are in favor of repairing and renting properties over spending money now on asset management.

Margaret Magruder stated that NOHA does not have the financial capacity to fund an asset manager at \$55K. She asked if Asset Management be covered by current staff. Margaret stated that she would not support this position at any cost.

Before the end of the meeting Mary Faith said again that she does not support spending \$55,000 on asset management right now, while we have a cash flow shortage and need to fix our properties. Mary Faith said NOHA should spend that money repairing and renting our properties to be fiscally responsible, good stewards of the properties and because it is NOHA's mission.

Adjournment: Meeting was adjourned at 11:46

Respectfully Submitted,
Northwest Oregon Housing Authority



Nina Reed, Board Chair