



HOUSTON HOUSING AUTHORITY

Transforming Lives & Communities

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MINUTES OF THE HOUSTON HOUSING AUTHORITY BOARD OF COMMISSIONERS MEETING

TUESDAY, MARCH 19, 2024

I. CALL TO ORDER

A Meeting of the Board of Commissioners (“Board”) of the Houston Housing Authority (“HHA”) was held on Tuesday, March 19, 2024, at the Houston Housing Authority Central Office, 2640 Fountain View Drive, Houston, Texas 77057. Called the meeting to order at 3:01 p.m.

II. ROLL CALL

Present:

- Joseph “Jody” Proler, Chairman
- Alton Smith, Vice Chairman
- Kristy Kirkendoll, Commissioner
- Kenneth C. Li, Commissioner
- Stephanie A.G. Ballard, Commissioner
- Cynthia Aceves-Lewis, Commissioner
- David A. Northern, Sr., Secretary

ABSENCES: No Absences

III. ELECTION PROCESS:

Secretary Northern, will conduct the election process.

POSITION OF CHAIRMAN and PRESIDENT

Secretary Northern called for nominations for the position of Chairman of Houston Housing Authority Board of Commissioners.

Joseph ‘Jody’ Proler nominated himself.

Secretary Northern asked for any other nominations. Hearing none, I’ll call for a vote and close the nomination for the position of Chairman. All voted in favor to close nominations.

Secretary Northern called for a vote to elect Joseph ‘Jody’ Proler for the position of Chairman. It was unanimous, all voted to elect Joseph ‘Jody’ Proler as Chairman of the Houston Housing Authority.

POSITION OF VICE CHAIR and COMMISSIONER

Secretary Northern called for nominations for the position of Vice Chairman of the Houston Housing Authority Board of Commissioners.

Commissioner Joseph ‘Jody’ Proler nominated Commissioner Alton Smith.

Commissioner Kristy Kirkendoll nominated herself.

Secretary Northern closes the nomination for the position of Vice Chairman for the Houston Housing Authority.

Secretary Northern called for Commissioner Alton Smith's vote. The votes were Commissioner Li, Chairman Proler, and Commissioner Smith.

Secretary Northern called for votes for Commissioner Kristy Kirkendoll. The votes were Commissioners Ballard, Aceves-Lewis and Kirkendoll.

It is a tie and we will need to re-vote, as Secretary Northern is not a voting member.

REVOTE for Commissioner Smith. Votes: Chairman Proler, Commissioners Li, Smith, and Aceves-Lewis.

REVOTE for Commissioner Kirkendoll: Commissioners Ballard and Kirkendoll.

Secretary Northern stated that Commissioner Alton Smith received four (4) votes. With the votes being 4 to 2, Commissioner Alton Smith has been elected to the position of Vice Chairman for the Houston Housing Authority.

IV. APPROVAL OF THE MINUTES

A. Board Meeting Minutes – January 23, 2024

Secretary Northern stated he would like to have the January 2024 Board Meeting Minutes declared unapproved because there are only 2 active Commissioners that were present for the January meeting of the Houston Housing Authority Board of Commissioners.

On motion by Commissioner Aceves-Lewis and seconded by Commissioner Smith, the Board agreed the January 23, 2024, Meeting Minutes should be declared unapproved.

V. PRESIDENT'S REPORT

Secretary Northern stated he provides a monthly report to all board members to discuss external events.

- The March on Crime Law Enforcement Appreciation Award was presented to several law enforcement individuals by Chairman Li of the organization, who was honored to attend.
- Invited and chosen to speak at the Greater Houston Business Association and provide an overview of the Houston Housing Authority and how we operate as an organization.
- We received a proclamation from the Mayor of Houston for the NFBPA, National Forum of Black Public Administrators.

VI. PUBLIC COMMENTS

Commissioner Kirkendoll offered the use of interpreters to be available to Spanish, Mandarin and Vietnamese speakers who may need assistance for public comments only.

- 1) Gladys House -El with Freedman's Town provided handouts for the Board and stated she was saddened with the following:

- lack of upkeep pertaining to the Houston Housing Authority properties
- pathetic home conditions and yards unkept for over a year
- Rent disparity at Freedman's Town
- HUD Voucher tenant photos provide images of extensive damages and repairs needed immediately

Secretary Northern asked Mr. Kenny Coles, the Vice President of Voucher Program Operations, to speak with Ms. House-El about her concerns.

- 2) Stuart Spoonmor is an elected member of the Board of Directors of Northwest Harris County MUD #36. The Board chose him as President and expressed his concern regarding Resolution No. 3763 in reference to the Cardiff Apartments.
- 3) Michael Bacon, General Counsel for Northwest Harris County MUD #36, stated that the structure on resolution 3763 is what was previously done as a Public Facility Corporation (PFC) under Rule 303 of the local government code, which was just completely overhauled by the Texas legislature. I asked that you table this matter.
- 4) Alan Atkinson with 800 Middle stated his comments are not related to resolutions on the agenda items however, he found a disclosure in the executive package on page 74 that is incorrect. I have been working in the East End for 27 years now and working to clean up industrial properties, and environmental contamination so that people of all ages and levels can move into the neighborhoods. Congratulations to each of you for accepting positions on the board, and in particular, I want to congratulate and thank you now, not just Commissioner Proler, but new Board Chairman Proler. Welcome back!
- 5) Kenny Coles, Vice President of Voucher Program Operations with Houston Housing Authority, stated he was not addressing any resolutions and asked for personal privilege to address the board on a matter the Houston Housing Authority bestowed upon my family. The reason for being here today is both pleasure and pain. I am the uncle of Jarvon Coles, who was the young man who was killed approximately two weeks ago in a shooting at a party in Humble. Four levels of government recognized him and his accomplishments in his 18 years. He was recognized on a federal level when Congressman Sheila Jackson Lee, attended and presented to his mother and grandparents two flags that flew over the US Capitol. She also presented a proclamation that was read into the Congressional Record, making March 16th Jarvon Coles Day. He was recognized by the state of Texas with a resolution from State Senator Carolyn Alvarado of District 6. He was recognized by the City of Houston through Mayor Whitmire's Office with a resolution and a proclamation that proclaimed it Jarvon Coles Day on March 16th. It was also recognized, and that is my reason for being here, that most people in that audience did not know that the recognition from the Houston Housing Authority, the resolution, the words of encouragement and flowers. Most people did not understand that the Houston Housing Authority is also a municipal governmental agency with almost as many powers as a city has -- cannot levy taxes. But the point that was made when the resolution was presented came across in the broad scheme of things as a magnanimous testament to what Jarvon brought to the world and on behalf of the Coles Family – I thank you from the bottom of my heart.
- 6) Lacie Lugo with The Apartments Concierge
- 7) Kevin Calvin with TPMG Construction did not have any comments related to Resolutions on the Agenda. He had documents that he wanted to be distributed to the commissioners.

Shannon Hunter, Coats Rose PC, asked that the record reflect that Mr. Calvin's handouts were being distributed to each commissioner.

VII. NEW BUSINESS

- A. Resolution No. 3757:** Consideration and/or take action to Ratify and Appoint Directors and Officers for Related Entities of the Houston Housing Authority.

PRESENTED BY: LaKeshia Jackson, HHA Attorney

On motion by Commissioner Proler and seconded by Commissioner Smith. The Board unanimously approved Resolution No. 3757.

- B. Resolution No. 3758:** Consideration and/or take action to authorize the President & CEO or designee to write off vacant tenant accounts for October 1, 2023 to December 31, 2023.

PRESENTED BY: George D. Griffin III, Vice President, Housing Operations

This resolution is required due to mandating housing authorities to reduce public housing receivable balances quarterly by writing off the outstanding debt that's owed by former tenants after the debt has been deemed as uncollectible, and this is the result of voluntary and involuntary move-outs. So debt includes rents, additional rents resulting from unreported income, maintenance fees, legal fees, excessive utilities and other fees. The confirmation of the balances also requires the private management companies to report tenant debt totaling \$50 and above to a third-party collection agency. HHA only writes off debt for residents who have left the program and for whom the HHA has no reasonable expectation of being able to collect the data.

Commissioner Aceves-Lewis: Can you provide more information about the age of this debt and the debt collection attempts that have been made?

Mr. Griffin: We write off on a quarterly basis. We were delayed from last year because we had a postponement last month for the board meeting. This debt is from October of 2023, through December of 2023. Regarding debt collection attempts, we only attempt to write off after we've provided at least 30 days of making them aware of the outstanding debt. And then once we have attempted, then that's when we move to write off the debt. Unfortunately, in many of these cases, tenants have left. So we do have tenants that will vacate the units, and we don't have any other opportunity to track them down to collect the debt.

Commissioner Aceves-Lewis: I see that there's another resolution that we're going to look at where we are, we are seeking to contract with the new collection agency. So I'm wondering whether this should be handed down to them to try to collect.

Secretary Northern added: When we go through our process of uncollectibles, we identify a client who may not have been paying rent, talk to the client, and try to sit down and negotiate with the client who is willing to work with the HHA to repay. We have them sign a repayment agreement, and that's a process where they get to pay a percentage of that to the HHA in order to stay in a unit. Now, at some point, we may end up evicting a family and not following the payment agreement. But we make every attempt to try to help the family in order to pay the rent or the maintenance charges before we decided to write it off. Even though those funds are written off, it is more so written off for financial purposes, related to how HUD funds to the housing authority and how they look at our liabilities. But we continually reach out to the family in order to collect the money. In this case, we're updating our collection agency, but sometimes families do contact the housing authority and want to pay off the debt. It's just a process that we are required to go follow.

Mr. Griffin: Because the question that I understood you asked was, What are our attempts? These write-offs are for individuals who are no longer in housing. So to the President and Secretary's comments, before they're evicted, there is a process where we provide, we make recommendations, as far as, in many cases, nonprofit agencies. If you remember, not too long ago, there were Catholic Charities. It was Baker Ripley, there were many other resources that could assist the residents before it would get to the eviction. This is after they have either voluntarily or involuntarily left. So we only write off when there is no chance whatsoever of collecting from the residents. However, before they get to this point, we do everything under the sun. The last thing we want is to put our residents out on the street. Again, this is when it's deemed, there's no reasonable way that we can collect these outstanding debts.

Chairman Proler: I have three quick questions. (1) This is something we do on a quarterly basis. So, going forward, I think it would be helpful if you might look at addressing these resolutions with recoveries as well so that we can see what dollars are being recovered on a quarterly basis. That's number one. (2) I would suggest that you try to put, for example in Cuney Homes, for we're writing off \$100,031.97. I think it'd be important for the board to know how many units that represent and for how long those residents were delinquent. That seems like a large amount. And unusual, you know, for I don't know, how many units Cuney Homes is that that seems like an inordinate amount of delinquent debt in the property. we need to monitor the collection efforts of the agency. We're turning it over.

Me. Griffin: Agreed. And we'll do that.

On motion by Commissioner Proler and seconded by Commissioner Li. The Board approved Resolution No. 3757. Commissioner Aceves-Lewis abstained.

- C. **Resolution No. 3759:** Consideration and/or take action to authorize the President & CEO to adopt new Public Housing Flat Rents / Tax Credit Capped Rents.

PRESENTED BY: George D. Griffin III, Vice President, Housing Operations

On motion by Commissioner Li and seconded by Commissioner Ballard. The Board unanimously approved Resolution No. 3757.

- D. **Resolution No. 3760:** Consideration and/or take action to authorize the President & CEO to negotiate and execute a one-year contract with RTR Financial Services for Debt Collection Services.

PRESENTED BY: George D. Griffin III, Vice President, Housing Operations

Commissioner this resolution is required Due to the fact that Houston Housing Authority contracts with private management agents whose responsibility it is to collect rents and other fees from public housing tenants. However, when these accounts are deemed uncollectable, the HHA, as a property manager and the property owner, is required to reduce his financial liabilities by writing off balances by former tenants. Write-offs are necessary when tenants vacate units without fully honoring their financial obligations. former tenants are notified and provided at least 30 days to resolve their balances. In the event payments are not received, management agents gain the accounts as uncollectable, and for to the HHA. While the end of June will formally write off the debt, Federal regulations require the execution of debt collection practices to recover losses. Debt collection and recovery services will be executed for HHA's own sites located in the city of Houston in Harris County. So in October 2023, the HHAs procurement department posted a legal notice advertising a request for proposal 23 Dash 40 for debt collection services on this website and in the four times US Business Journal and the Houston Chronicle newspaper. On October 31, 2023, HHAs procurement department opened five Sealed Proposals, which were evaluated independently. Three HHA staff members each from the department's housing operations finance evaluated these proposals. After analyzing the scores, the evaluation committee

recommended an award to RTR Financial Services. The agency's goal is to have all contracts utilizing subcontractors spend at least 30% of project funds with MWBE businesses. RTR Financial Services intends to subcontract 30% of the services to WV. Be advised that all references were checked, and the results came back positive. There are no conflicts of interest in the firm is not on the HUD department's list.

Chairman Proler: George, page 29 has a listing of what the accounts for collections, the debt totals were for 2022, etc. My question is, Cuney Homes for example, that year was \$110,000 and what you asked us to approve in the previous resolution was \$100,000. For that same property, I'm rounding. My question is, is Cuney Homes the accumulation of that would be for 2023 for that property? I'm just trying to get a feel for historical.

Mr. Griffin: We've been showing a trending upwards only because as you may be aware, there's been moratoriums on preventing agencies such as ours, and other apartment management companies from evicting. So that has also contributed to the larger amounts.

Chairman Proler: On the opposite side, you can look at Irvinton and Kelly village and see how much improvement in 2023 there was than in 2022 so I'm just trying to get an idea. Yeah, I think we all need to be more educated.

Commissioner Aceves-Lewis: Can you tell me why we are changing collection agencies and how the contract terms are different?

Austin Crotts, Procurement Manager: By government regulation, we must re-solicit these contracts every five years. Our current contractor is welcome to bid.

Secretary Northern: For all contracts, the limit HUD allows us to have a contract is five years.

Austin Crotts: The contract terms are pretty similar. There's naturally going to be a split, usually 50/50. When they submit their proposal, we'll evaluate it. If you look at the resolution on page 30, you'll see the evaluation criteria there that every proposal the score demands. And the split should be part of that.

On motion by Commissioner Li and seconded by Commissioner Smith, the Board unanimously approved Resolution No. 3760.

- E. Resolution No. 3761:** Consideration to authorize the President & CEO or his designee to update a disposition application submitted in April 2023 to the HUD Special Application Center (SAC) for the Forest Green public housing community.

PRESENTED BY: Jay Mason, Director of REID

Mr. Mason stated the forest green property is 100 units. The intent was to redevelop it due to the fact I think the city of Houston adopted new flooding codes permitting codes, which made it extremely prohibitive to develop. Some of the challenges that we had were the wastewater capacity and water capacity limits were set. I think we could only do 200 units on this property. In addition to that, the amount of mitigation and retention that was needed was pretty large. When we went through schematic design with an architectural firm we ended up having to do almost 11 feet of retention pond in order to satisfy Houston building permits at the time.

On motion by Chairman Proler and seconded by Commissioner Li, the Board unanimously approved Resolution No. 3761.

- F. Resolution No. 3762:** Consideration and/or take action to authorize the President & CEO or designee to execute a contract with Construction Masonry, INC for Exterior Walls and Roof Repairs at Fulton Village Apartments.

On motion by Chairman Proler and seconded by Commissioner Smith, the Board unanimously approved Resolution No. 3762.

Jay Mason: In 2022, the housing authority did an assessment across all of their properties where we identify a CapEx plan for, for all of our properties. This is part of ongoing repairs to several of our properties, this one being at Fulton Village.

The scope of the work associated with this property was mostly exterior replacing windows damage, garage door panels, damaged entry doors associated, and, of course, sealants, broken glass on demand patios. There's been some roofing work associated with this project as well.

When we did the assessment, it was just a general overview of all of the needs of the property, but we went a little bit more in-depth by bringing on an exterior envelope consultant, that exterior envelope consultant did a deeper dive and properties assessment report. And that assessment report then goes into a construction package, which is then bid it out publicly. In this case, the awardee was Construction Masonry, and we, in collaboration with procurement, have reviewed the bids. We have done our due diligence to check references on on on this project on this project. And we also train as part of the process we develop an Independence Cost Estimate in collaboration with our consultants.

Based on industry standards, we get the best estimate of the costs of doing the work, and we typically try not to go below 20% of the ICE. In this case, Construction Masonry, Inc. falls within that 20% range.

Austin Crotts: I know everybody's new, let me just clarify. So in this case, for construction, we call it an invitation for bid, and per the HUD rules, we have to take what's the lowest responsive and responsible. Part of the responsible portion of our evaluation is referenced financial stability, the able the ability to do the job and carry the job for a period of time before the first pay AP can be done. And there's a number of other things. What I can do is I can provide all the commissioners with our procurement forms, which include our evaluations, which will help you to better understand how we evaluate construction bids.

Chairman Proler: Along those same lines, is there a threshold that HUD has that requires a contractor to be bonded for any improvement above a certain dollar amount on a property?

Austin Crotts: Yes. Anything over \$25,000 requires a payment bond, and that's by Texas State law. And then anything over \$100,000 requires a payment and performance bond for 100% of the project.

We don't collect the payment and performance bond until after the contractors are selected, but for bids, anything over 25,000 that we do a full solicitation for requires a bid bond of 5% of their bid amount. And if they don't provide that, when they submit their bid, they're considered non-responsive.

Secretary Northern: That's one of the things related to performance. A lot of times, if a contract is not performing correctly, we call that bond. That insurance company allows the housing authority to seek another contract or finish the job correctly. Now, we hope you don't have to do that. But that's one of our securities when we have these contracts. Thank you.

G. Resolution No. 3763: Consideration and/or take action to authorize the President & CEO or designee to facilitate the update of the previously approved loan amount in Resolution No. 3744 for the Cardiff at Louetta Lakes transaction to reflect a principal loan amount not to exceed \$23,000,000 and of the previously approved unit mix to reflect that no less than 50% of the units in the Project will be reserved for or occupied by individuals or families earning less than 80% of area median income, and the execution of all required documents therefor.

Secretary Northern: For the record, we did the HHA staff, and a number of the board members did have a conversation with the mayor's office to go over these affordable housing investments should move for. Well, we did sit down with the mayor's office and talked about the affordable housing goals that we've agreed on.

So again, this resolution was approved in January of 2024. Typically, when a developer comes to the Houston Housing Authority, they look at market conditions, and they make assumptions of the different variables, whether the interest rates and other things associated with the development deals. As they go through the closing process, sometimes, because of market conditions, there are certain adjustments that can happen, and in the case of Cardiff and Louetta Lakes, the interest rates dropped to 6% interest, which allowed them to increase the amount of money that they can borrow from the bank. Because of that, Cardiff approached Houston Housing Authority, and we ran three numbers to ensure that there were no deviations in the agreement that we had previously approved.

Commissioner Aceves-Lewis: I'm curious about some of the comments that were made during public comment time. One point that was made was regarding this location, and now there isn't representation. Could you tell me, in general, just how many Housing Authority properties we have outside of the Houston zone?

Has that concern ever been raised about taxation without representation and any of those other properties?

My name is Shannon Davis, Director at Coats Rose, outside counsel to the Houston Housing Authority. I don't know. I would imagine someone has raised that argument. But the reality is the law in the state of Texas gives the municipality the right to have jurisdiction over the boundaries within their city lines. And then they have jurisdiction, in certain situations, including this one, to go five miles from the city limits. It's called the extraterritorial jurisdiction. This is not something that the Houston Housing Authority created. This is created by state law. This is squarely within the ETJ of the City of Houston.

Can you discuss the other matter Comment about the MUD.

Yes, I will add, just to clarify for the record, that while it is correct that there will be no taxes received for these deals because they're owned by an instrumentality of local government and pursuant to the state constitution, instrumentalities of local government do not pay state taxes or any, taxes. But if you think you will be, I think I'd be remiss not to let you know that the REID department has been in negotiations, specifically with MUD to come into a pilot agreement, which is payment in lieu of taxes. And the nexus for the change to the unit mix that is in your resolution is because that was something that was negotiated with the MUD.

Commissioner Li: So, this proposal was approved at the January meeting. And this is just a ratification of the loan amount?

Mr. Mason: Correct.

Shannon Hunter: To clarify, it was my understanding that it was to facilitate the negotiation and agreement on the pilot. So those are the two items that are before you today: a change to the loan amount and a change to the unit mix.

Commissioner Li: So the legality has done the property through all these parties involved?

Shannon Hunter: That is correct.

Chairman Proler: The tax provides the offset. I'd like to just say for the record, the Mayor of the City of Houston charged each one of us to improve and increase affordable housing in Houston. And that's what we're doing here. Thank you.

On motion by Commissioner Li and seconded by Commissioner Kirkendoll, the Board unanimously approved Resolution No. 3763.

- H. **Resolution No. 3764:** Consideration and/or take action to authorize the President & CEO or designee to facilitate the update of the previously approved loan amount in Resolution No. 3728 for the Alexis Luxury Apartments transaction to reflect a principal loan amount not to exceed \$14,100,000, and the execution of all required documents therefor.

On motion by Chairman Proler and seconded by Commissioner Ballard, the Board unanimously approved Resolution No. 3764

- I. **Resolution No. 3765:** Consideration and/or take action to authorize the President & CEO or designee to facilitate the update of the previously approved loan amount in Resolution No. 3729 for the Apex Apartments transaction to reflect a principal loan amount not to exceed \$11,000,000, and the execution of all required documents therefor.

On motion by Commissioner Smith and seconded by Commissioner Ballard, the Board unanimously approved Resolution No. 3765.

- J. **Resolution No. 3766:** Consideration and/or take action to authorize the President & CEO or authorized representative of the Houston Housing Authority to approve Lakeside Place PFC's Issuance, Sale and Delivery of its Multifamily Housing Revenue Bonds (Landing on Orem Apartments), Series 2024, and the execution of all required documents therefor.

Jay: This property has 369 units with all 100% of the units being at 60% ami. This property was approved by the City of Houston in December. And we are and there's going to be a subsequent resolution that is going to request this resolution to be held for for closing. So again, this resolution is just for the bonds to request bonds from the Texas Department of Housing and Community Development in order for this property to move forward for the closing to move forward. Staff recommends approval of this resolution.

Commissioner Aceves-Lewis: I just wanted to make a comment for public's benefit is as as you know, a lot of us are new and we were given this information. And we have met extensively about these. We didn't just want the board did not want to rubber stamp these, even though we understand that they were already in motion before we got here. And so we have met with HHA financial analyst David Cukierman, we've met with the city and with the President, we've looked at the numbers and the analysis to ensure that these would indeed be good investments for the HHA and for the community. And I just wanted to underscore that even though we may be going through these a little quicker, we've done a lot of due diligence behind the scenes to ensure that they will indeed be good investments.

Chairman Proler: Just to add to that, if you allow me, there are over 2,200 affordable units being approved today. And just to add on the PFC properties, I think it's north of \$15 million of public benefit in the first year.

On motion by Commissioner Smith and seconded by Commissioner Ballard, the Board unanimously approved Resolution No. 3766.

VIII. EXECUTIVE SESSION

Commissioner Kirkendoll suspended the Public Session on Tuesday, March 19, 2024 at 4:43 p.m. to convene into Executive Session to discuss personnel, legal and real estate issues in accordance with Sections 551.074, 551.071 and 551.072 respectively, of the Texas Government Code.

Commissioner Kirkendoll reconvened the Public Session at 6:05 p.m.

IX. NEW BUSINESS continued...

K. Resolution No. 3767: Consideration and/or take action to authorize the President & CEO or authorized representative of the Houston Housing Authority to authorize the acquisition and development of Landing on Orem Apartments located in Houston, Harris County, Texas 77048, and the execution of all required documents therefor.

So the last resolution was for the bond inducement of Landing at Orem. This is for approval to close a transaction with to development partner. Again, the plan is to have 369 units with 100 of them being affordable at 60% AMI.

On motion by Commissioner Smith and seconded by Commissioner Li, the Board unanimously approved Resolution No. 3767.

X. ADJOURNMENT

Commissioner Kirkendoll remarked this concludes the items on today's agenda and declared the meeting adjourned at 6:08 p.m.