

Daytona Beach Housing Authority

September 17, 2021 Board Meeting 10:00 a.m.

- I. Call to Order** - Meeting was called to order at 10:00 a.m.
- II. Roll Call** - Commissioners Jass, Jamison, Brown-Crawford, Ivey, and Daniels were present for roll call.
- III. Invocation** - Invocation was led by Natalie Smith-Wells.
- IV. Recognition of Visitors** - None.
- V. Public Comments** - No public comments.
- VI. Approval of Minutes**
 - A. Regular Board Meeting - August 20, 2021 - Commissioner Present: All. Commissioner Brown-Crawford joined by Zoom at 11:15 a.m.** - Commissioner Jamison made a motion to approve regular board meeting minutes of August 20, 2021. Commissioner Brown-Crawford seconded the motion. Unanimously approved.
 - B. Special Board Meeting - August 27, 2021 - Commissioners Present: Jamison, Brown-Crawford, Ivey. Commissioners Absent: Jass and Daniels** - Commissioner Jamison made a motion to approve special board meeting minutes of August 27, 2021. Commissioner Brown-Crawford seconded the motion. Unanimously approved.
 - C. Special Board Meeting - September 1, 2021 - Commissioners Present: All. Commissioner Jass joined**

meeting at 1:56 p.m. - Commissioner Jamison made a motion to approve special board meeting minutes of September 1, 2021. Commissioner Jass seconded the motion. Unanimously approved.

D. Special Board Meeting - September 2, 2021 -

Commissioners Present: All. Commissioner Daniels joined meeting at 1:24 p.m. Commissioner Jass joined meeting at 1:26 p.m.- Commissioner Brown-Crawford made a motion to approve the special board meeting minutes of September 2, 2021. Commissioner Jamison seconded the motion. Unanimously approved.

E. Special Board Meeting - September 7, 2021 -

Commissioners Present: All. Commissioners Jass and Ivey joined meeting at 1:24 p.m. - Commissioner Brown-Crawford made a motion to approve the special board meeting minutes of September 7, 2021. Commissioner Jamison seconded the motion. Unanimously approved.

VII. Approval of Agenda - Commissioner Ivey made a motion to approve the agenda. Commissioner Brown-Crawford seconded the motion. Unanimously approved.

VIII. Consent Agenda *(Matters included under the consent agenda are self-explanatory and are not expected to require review or discussion. Items will be enacted by one motion. If discussion is required by any member of the Board, then*

that item will be removed from the consent agenda and considered separately.) Commissioner Jamison made a motion to approve the consent agenda item Resolution 2022-09 and Resolution 2022-10 as written. Commissioner Brown-Crawford seconded the motion. Unanimously approved.

A. Resolution 2022-09 Flat Rents

B. Resolution 2022-10 Utility Allowances

Recommendation: Director of Development recommends approval.

IX. Updates

A. BGC Advantage - Holly Knight provided an update to the board. Ms. Knight stated that WM at the River is near to closing. HUD has issued the RCC. BGC Advantage is beginning to work through the relocation.

There is an upcoming resident meeting in which BGC will discuss what the contract is, what it involves, pictures of the units will be shown, and there will be products available for the residents to touch. Dennis Morgan, who is handling the relocation, will be present at the meeting, and he will provide a presentation on how the relocation will work.

The target date for closing is Wednesday, October 6th. Jonathan Flugstad stated that closing could not happen at the end of the month of September because there are

some third-party items, such as title, that need to be cleaned up and submitted to HUD. There's an antenna tower lease with the City of Daytona Beach. The housing authority is going to sign the rights to the lease to the new project owner, and the city needs to consent to it. Bank of America is also requiring a separate subordination of the document to the construction loan. Also, HUD is requiring a separate RAD subordination of the document so that everything is subject and subordinate to the RAD use agreement. Mr. Flugstad stated that the city commission needs to approve the documents. He has been in communication with the city attorney's office and as of the previous day, the city indicated that this issue would get on the agenda for October 20th. Mr. Flugstad stated he's pushing to get the item added to the October 6th agenda instead. Because of this, closing will be in October.

Ms. Knight stated that the civil engineer came to Caroline Village to work on the drainage issues and survey. The civil engineer also did some of the site testing that's required by the investor on the sewage lines that go from the building to the street as well as the internal sewage lines at WM.

Ms. Knight stated that the topographic analysis has been completed at Halifax.

Ms. Knight stated that closing for family should be before the end of the year. An application has been submitted to the state for both volume cap as well as for the tax credits.

There is a minority outreach scheduled for September 23rd with the general contractor to try to get participation from the local community Section 3 and minority and women-owned businesses.

Commissioner Ivey asked Ms. Knight why Halifax could be built as new construction, but no other construction could be built on the other properties based on the Fair Housing Act. Ms. Knight stated that there's only a small number of units and the property was already prepared. There's also no HUD or Section 8 on the units.

Commissioner Ivey asked Ms. Knight about a previous email he had sent to her regarding the attorney and the cost of 2 million and whether it was for the family site or for all the sites. Ms. Knight stated that she thinks it is just for the family site.

Commissioner Brown-Crawford confirmed that she spoke with Attorney Marty Walsh and the question that Ms. Knight answered was just for the family site.

Commissioner Daniels asked if the original apartments will be gutted in order to make three- and four-bedroom units. Commissioner Brown-Crawford stated that there are already three- and four-bedroom apartments at Palmetto Park.

Ms. Knight stated that based on the resident meeting, a few tweaks were made on the units regarding the partitions.

Commissioner Ivey asked if it has been determined how the flood issues will be dealt. Ms. Knight stated that there will be bio retention facilities. The civil engineer was out taking surveys and working on the exact design for them. She also mentioned that pictures have been shown in the past two board meetings.

Commissioner Ivey asked if that is what has been decided in how to deal with the flood issues. Ms. Knight stated that the city staff person over the flood issues spoke to the board. A meeting took place with the waterway commission. Ms. Knight stated that

there have been several discussions about the solution for the flooding issue.

Ms. Knight stated that there will be a dry bed that holds the runoff and then releases it into the waterway.

B. Greenberg Traurig LLP - Commissioner Daniels stated that Greenberg Traurig is on standby. They're not at the meeting unless they're needed.

C. Reno & Cavanaugh PLLC - Attorney Jonathan Flugstad stated that the first set of comments were received end of last week and they replied within a day. Communication has been ongoing with the HUD attorney. The HUD attorney has an approval memo drafted, but he needs some final dates to be inserted into the memo and that can't happen until the title work is finalized. HUD approval is getting close.

Mr. Walsh stated that HUD will route the approval memo on a Friday, typically, and the subsequent Thursday is the HUD signing date.

X. Old Business - Commissioner Brown-Crawford asked Ms. Smith-Wells what happened with her discussion related to Mason Avenue. She told Ms. Smith-Wells to get back to her on it.

XI. New Business

A. Discussion: Daytona RAD Family - Ms. Smith-Wells

stated that the housing authority is at a point with the Daytona RAD Family site as far as making the next steps. During her presentations, Holly Knight showed different sources and uses and one of the line items has an assumption of the housing authority putting in \$750,000 as a portion toward the deal. Ms. Smith-Wells stated that she wanted the board to have a discussion on the amount and if the board is going to place money into the RAD family deal.

Commissioner Daniels asked the Director of Finance, Michael Edgar, if the housing authority is considered co-developers with the \$750,000 and what the return would be. Mr. Edgar stated it is cash flow associated with the investment. He stated he hasn't seen the financial model for the family project, but there should be a return. He doesn't know what the return looks like.

Commissioner Brown-Crawford asked Mr. Walsh to explain the reserve account that Ms. Knight had talked about. Mr. Walsh stated that the market instability reserve was an idea that Ms. Knight had raised in response to the concerns that some board members had regarding

lumping all the projects together for RAD family and cross-collateralization.

Mr. Walsh stated that the concept is to capitalize a reserve either from a development source or from cash flow and have it available in the event that one property is possibly underperforming. The reserve could help stabilize and avoid a situation where one troubled property out of the six is such a strain on the others that it imperils the overall project.

Mr. Walsh stated that BGC Advantage is asking for a subordinate loan in the amount of \$750,000 in order to close a financing gap.

Commissioner Brown-Crawford stated she contacted Mr. Walsh because there has been some questions about the financing. She's comfortable moving forward based on conversations she's had with Mr. Walsh, Attorney Gilmore, and Ms. Knight.

Commissioner Ivey stated that he does not remember dealing with the retention and agreeing on how to solve the issue. He believes there needs to be another discussion on it. Commissioner Ivey believes that the housing authority is not dealing with issues that need to be dealt with. He doesn't think the housing

authority is dealing with the current housing shortage.

Commissioner Ivey doesn't believe the board should vote on the family site if the financial model hasn't been presented.

Commissioner Jamison stated that the board should not be deciding on the funding, but instead go back and decide on what exactly to do and what would be best to increase the units and reconstruct the existing ones.

Commissioner Brown-Crawford told Commissioner Jamison that Ms. Knight said BGC Advantage would be doing infrastructure and renovation. Commissioner Brown-Crawford stated that Ms. Knight presented that there would be a \$2.5 million return on the investment.

Commissioner Jamison stated she is still confused. She believes that the board should not be discussing the \$750,000 until the board goes back and makes a definite plan for what needs to be done in the family site. Commissioner Ivey stated that the board has not agreed on how to deal with the retention area and the flooding.

Commissioner Jass stated that she believes the commissioners have failed the family sites by not being visible and seeing what's going on in the homes

and how much work they need. She believes that the board needs to talk to the managers at the family sites. Commissioner Jass stated that Windsor is full of mold and the paint is peeling off the walls.

Commissioner Jamison stated she doesn't know what the issue is. The goal is to modify Palmetto to make it better looking, like the other units.

Ms. Williams stated that she believes the proposals that Ms. Knight has made for how to deal with the retention areas are not acceptable because the old city manager came, and he said that it will not be a fit for the flooding in the zone.

Commissioner Daniels stated that there is a new city manager, and a new rendering has been provided.

Commissioner Brown-Crawford stated that investors will do their best that they can see, but she doesn't know what will come later on due to global warming. She doesn't believe investors or HUD will sign off on anything if they felt that the floods will come in the houses and the units are going to be destroyed.

Commissioner Jamison stated there are big issues and then lots of little issues. She believes the only issue that needs to be decided at the moment is

whether or not the board is going to go ahead with the family RAD.

Commissioner Jass stated that Ms. Williams was not finished in her comments.

Ms. Williams stated that there was discussion about enlarging the units. She also stated that during the resident meetings with BGC Advantage, the residents ask Ms. Knight questions, but Ms. Knight doesn't provide responses to the questions. She would like Ms. Knight to address all the questions and concerns at the next resident meeting.

Ms. Smith-Wells told Commissioner Daniels that the last resident meeting's transcript is on the housing authority's website.

Commissioner Daniels asked when the next resident meeting is scheduled, and Ms. Smith-Wells stated it hasn't been scheduled yet. Commissioner Brown-Crawford suggested printing the transcript and providing it to the residents.

Attorney Gilmore suggested someone reduce the resident meeting transcript into questions and answers.

Attorney Gilmore stated that issue at hand is whether the board will continue to move ahead and neither Mr.

Flugstad nor Mr. Walsh have anything to do with any of the designing discussion.

Mr. Walsh stated there is a proposal from BGC Advantage for the family sites. As counsel to the housing authority, Mr. Walsh stated that there hasn't been clarity on the family site in terms of whether the housing authority is moving forward or not. Mr. Walsh stated that he has seen these types of deals that has been structured elsewhere that has worked. He stated it's frequent that projects are bundled together because the financials often don't work to do them as separate projects.

Mr. Walsh stated that there's a fundamental question of whether the housing authority is comfortable doing a renovation of the sites and moving forward. If the answer is yes, then the structure presented works to do that. If the answer is no, then that's a different conversation.

Commissioner Daniels told Mr. Walsh that the board is going to go ahead and clear what needs to be done.

Commissioner Daniels stated that the board has seen the renderings and if there are questions, board members have the opportunity to speak to the attorneys. Commissioner Daniels agreed with

Commissioner Brown-Crawford when she stated that the investors are spending a lot of money to make the projects, and nobody would spend millions and millions of dollars for the project to fail and not to get a return on the investment.

Commissioner Daniels told the board that there needs to be a vote as to whether the housing authority is moving forward with the family sites. If so, then there can be a resolution for the \$750,000 put forward next month.

Attorney Gilmore told Commissioner Daniels that there needs to be a vote at this point.

Commissioner Ivey stated that the board should wait until there's a new director and the new director reviews the RAD conversion and give opinions before the board moves forward. Commissioner Ivey stated that not every investment is a good investment.

Commissioner Brown-Crawford made a motion to approve Reno & Cavanaugh, or anybody else that's involved, to move forward with any type of legal negotiations, documents, housing authority staff, or other entities to move forward. The green light has been given to do what's necessary to move forward in the Daytona RAD Family sites. Commissioner Daniels seconded the

motion. Commissioners Jass, Jamison, Brown-Crawford, and Daniels voted in favor of the motion. Commissioner Ivey dissented.

Commissioner Daniels stated that it hurts him for somebody to go to HUD and try to stop the process because they got voted down. The board should trust each other. He stated that if someone doesn't get his or her way, it's not good to go to HUD and tell them that the board does not know what they're doing and that the board is hurting the process and ask for HUD oversight when there are attorneys, developers, a finance person, and a resident at the table.

Commissioner Ivey stated that he called HUD because he wanted to share his concerns. He stated that when there's a situation that needs to be looked at, he's going to voice his concerns wherever and to whomever and whenever he feels like it. He stated he doesn't agree with what's going on.

Commissioner Daniels asked Commissioner Ivey why he won't resign. Commissioner Ivey stated he's not going to resign. Commissioner Daniels stated that everybody's moving forward, and Commissioner Ivey is trying to hurt everybody and put HUD oversight.

Commissioner Ivey stated he wants to save the agency.

Commissioner Daniels stated that the housing authority isn't sinking. Commissioner Ivey stated that Commissioner Daniels doesn't think it is because he doesn't understand.

Commissioner Brown-Crawford stated that Mr. Walsh told her that he appreciates the board having healthy conversations. Commissioner Brown-Crawford stated that she would have preferred Commissioner Ivey let the board know that he wanted to talk to HUD about the issues. Commissioner Brown-Crawford told Commissioner Ivey that as a board member, it is his fiduciary duty to put everything on the table.

Attorney Gilmore told the commissioners to put their concerns on the record and a board has to operate cohesively. Attorney Gilmore reminded the board that whatever is put on the record is available.

XII. Information Items

- A. HUD Correspondence - Vacant Lots** - Ms. Smith-Wells stated she is bringing information to the board any time there is correspondence from HUD in the field office. This correspondence was regarding vacant lots. She stated that she knows that the board is interested in making sure that the housing authority is in a good place to make decisions on what they want to do on the

vacant lots. HUD's letter pushed the housing authority to do some more detailed title searches to get a determination on the DOT so that HUD can give the housing authority a determination on what they can move forward with.

The Director of Development, Kara Lennard, has two conversations with HUD a week, and then the Director of Development and Ms. Smith-Wells also meet with HUD on Thursdays.

- B. Significant Amendment PHA Plan Approval** - Ms. Smith-Wells stated that last month, the board approved the significant amendments to the PHA plan and HUD provided an approval letter.
- C. HUD approval of Disposition Application** - Ms. Smith-Wells stated that this is regarding RAD and CHAPs for Windsor and Maley. The last page contains approval for Section 18.
- D. Section 8 HCV Program - Award of Additional Funding** - Ms. Smith-Wells stated that there are two items of additional funding that came in for the Section 8 department.

Corey Franklin stated that due to COVID, the housing authority has had lower than normal property utilization or leases. HUD recognized that. Mr.

Franklin stated that they pre-qualified for the grant, so they wrote to it and got approved. An additional \$16,000 was received.

Mr. Franklin stated they also applied for the portability funding as well and was approved for \$19,000.

XIII. Monthly Departmental Reports

A. Finance Report - Mr. Edgar presented his report to the board. He stated that what began quite some time ago by Terril Bates or a predecessor was done because there was no funding from HUD to appropriately cover aging infrastructure. HUD is focused on housing authorities looking for public-private partnerships to bridge the funding gap. This is done by introducing key tax subsidies, like the tax credit application. Mr. Edgar stated that one way to make more money on deals is to manage the property.

Mr. Edgar stated that the great thing about the RAD deal is that the housing authority can use a lot of unrestricted funds to do the type of development that the board is eager to do.

Mr. Edgar stated that there was friction between the executive team and the board. Ms. Smith-Wells asked him to clarify his statement. Mr. Edgar stated that

when he joined in October of 2020, it was clear to him that some of the thoughts in terms of moving forward with the RAD transaction and housing authority acting in a development capacity, utilizing existing properties in the portfolio or developing new ones, everyone had different ideas on how best to achieve it. He stated that from his point of view, the executive team wanted to develop the properties and do as much as possible to continue to develop the properties in such a way to bring cash flow back to the agency and do it in a way there was unrestricted development. There was more autonomy and more control over the investments they were making. He stated he felt some friction.

Mr. Edgar reviewed the finance report with the board. Income coming into the agency is stable. Total expenditures are also stable. Expenditures were exceeded by \$65,000.

B. Housing Choice Voucher Report - Mr. Edgar stated that Mr. Franklin has done a phenomenal job in moving the agency forward on the voucher side.

C. Development and Business Management Report -

D. Affordable Housing Reports -

a. Caroline Village

b. Maley

c. Palmetto Park

d. Windsor

E. Chief Operating Officer (COO) Report - Ms. Smith-Wells

told the board that there was another tenant coming into the building. There is a tenant that will be leaving early, but there may be another potential tenant looking to grab the space.

XIV. Commissioners Comments - Commissioner Jass had no comment.

Commissioner Jamison had no comment. Commissioner Brown-Crawford told Mr. Franklin that he's done a good job. She asked him to get with Ms. Smith-Wells and she can let him know what the mayor said to the board about the law.

Mr. Franklin announced that he has resigned as he's taking a COO position at another housing authority.

Commissioner Brown-Crawford told Ms. Smith-Wells that she was doing a great job. She also commended the board. She stated that when the board makes a decision as a board, it is a board decision.

Commissioner Ivey asked if the three-bedroom units had one or two bathrooms. Commissioner Brown-Crawford stated there's only one bathroom. She doesn't believe there's bathrooms being added. Commissioner Ivey stated that if

walls are not being knocked down to address plumbing issues, it's not good.

Commissioner Ivey stated that hundreds of thousands of dollars have been spent replacing stoves and refrigerators at some of the family sites. He said that the appliances will be disposed of and new ones will be brought in even though they were just replaced. Commissioner Brown-Crawford stated that residents need to be served based on their needs at the moment.

Commissioner Ivey doesn't think the residents are as happy with the renovation.

Commissioner Daniels stated that a conversation should take place with Ms. Knight regarding adding bathrooms.

Commissioner Brown-Crawford told Commissioner Ivey that he could call and ask Ms. Knight about adding bathrooms.

Commissioner Daniels asked Ms. Knight if there was room for an extra bathroom on the three- and four-bedroom units. Ms. Knight stated that most public housing don't have two bathrooms. In order to add bathrooms, more square footage needs to be added. She also stated it would cost more and take more time.

Ms. Knight told the commissioners that if they plan to reinvest money in the future in new development outside of the current project and as they move forward with the

Faircloth units, then adding a half bath or a full bathroom can be addressed.

Ms. Knight stated that in new construction of three-bedroom units, there are two bathrooms.

Commissioner Daniels thanked the commissioners for making the interviews for the new CEO position. Commissioner Ivey asked Commissioner Daniels to reach out to the candidates. Commissioner Daniels said he'll try to reach out.

Commissioner Brown-Crawford asked what the plan is once the final interview is complete. Ms. Smith-Wells said it's up to the board how they want to space it out. Commissioner Jamison suggested sending in the top picks to Simone Barefield Gans, of Gans and Gans, no later than Monday. Commissioner Daniels asked the commissioners to get their top three picks to Simone Barefield Gans by 12:00 on Monday.

XV. Adjournment - Commissioner Jamison made a motion to adjourn the meeting. Commissioner Brown-Crawford seconded the motion. Meeting was adjourned at 12:08 p.m.

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