

Board of Commissioners – Housing Authority of the Town of Morristown
Board Meeting Minutes
200 South Street-4th Floor, Morristown, NJ 07960
April 24, 2023 – 6:00 pm

Board of Commissioners

Martha Ballard, Chairperson
Luma Oweis, Vice Chairperson
Nohemy Zabala, Commissioner
Tina Lindsey, Commissioner
Derrick McCoy, Commissioner
Laura Lutz, Commissioner
Eva Turbiner, Commissioner

Housing Authority

Keith Kinard, Executive Director
Allison Durham, Deputy Director
Frank Borin, Esq., MHA General Counsel Office

Town of Morristown Officials

Mayor Timothy Dougherty
Mr. Robert Iannaccone, Town Council Liaison

Call to Order

Chairwoman Ballard called the meeting to order at 6:00 p.m. The meeting was properly noticed under the New Jersey Open Public Meetings Act. Roll call was taken and Chairwoman Ballard, Commissioners Oweis, Lindsey, Zabala, McCoy, Turbiner and Lutz were present. The flag was observed.

Pledge of Allegiance & Moment of Silence Observed

Approval of Meeting Minutes – March 27, 2023

Commissioner Zabala motioned for the approval of the March 27, 2023 meeting minutes and Commissioner Lutz seconded the Motion. Chairwoman Ballard, Commissioners Oweis, Lindsey, Zabala, McCoy and Lutz voted in favor. Commissioner Turbiner abstained. The Motion passed.

Executive Director Report

Mr. Kinard reported on the following items:

RAD Update – Construction continues to move forward at 31 Early and 39 Early. All but 2 residents have returned to their apartment in 31 Early. A lot of noise and activity at each building. Work was stopped for a couple of days last week due to some egress and fire alarm issues. All matters were handled and work started back up and remains on schedule. Work on the exterior façade of 31 Early continues with the base layer and the balcony area almost completely demolished. The lobby and community room area in 31 Early is blocked off and gutted at the moment. At 39 Early, the façade work is getting finished up. Residents at that building from floors 5 and 4 are beginning to relocate to the Hyatt House Hotel as their apartments get renovated. At Manahan Village work continues in some of the vacant units. This will give the contractor a better understanding of what they will see behind the walls and floors, once they get fully started on site to be better prepared. Orbach plans to meet with at least 40 households from Manahan later this week regarding the beginning stages of work to occur in their apartments and relocation plans. It will be difficult

because we're dealing with larger families. However, the relocation firm, HOU, will have face to face, one-on-one conversations with each household to assess their needs to make each move as smooth as possible. At 29 Ann Street, Grow It Green donated 50 household plants to the residents at the building. Also, at Ann Street in April, the MHA resident service staff conducted a bingo, a 20-minute bake event and sip and paint. A service provider at the Manahan Village resident center, Bright Discovery, donated and distributed 50 Easter baskets for kids at Manahan Village. A new Family Fitness and Nutrition class started at the Center and it has been well attended by residents. A budget and finance discussion are planned with the Board and a representative from CSG Advisors, our Financial Consultant. She mistakenly went to 31 Early but is enroute to 200 South Street. When she arrives the budget review and discussion will begin. Commissioner Turbiner asked if we are relocating the Manahan residents into the same hotel in Florham Park and if the Town will continue to provide weekly transportation to the local Shop Rite for them. Mr. Kinard responded that the same hotel is planned to be used and we are working with Shanae Green from the Mayor's Office on devising a plan for this effort. Typically, the site residents are not eligible for the senior bus transportation but maybe they'll be able to make an exception for this. We anticipate some level of transportation assistance, even if it comes out of the relocation budget.

Board Committee Reports

None

Old Business

None

Resolutions

- 2023-009 Resolution: Schedule of Bills as of April 14, 2023

Resolution approving Schedule of Bills/Invoice Payments as of April 14, 2023 totaling \$76,653.71. Commissioner Lutz asked what the nature of the work conducted by J. Obrien. Ms. Durham, Deputy Director, responded that he provides identification badges for the new service providers and staff at the resident center. Commissioner Turbiner motioned, Seconded by Commissioner Oweis. Chairwoman Ballard, Commissioners Oweis, Lindsey, Zabala, Turbiner, McCoy and Lutz voted Yes.

- 2023-010 Resolution: Withdraw MHA and Appoint the Morristown Community Development Corporation as Sole Member to Morristown Family Village LLC on the NJEDA Aspire Tax-Credit Program

The New Jersey Economic Development Authority (NJEDA) has changed its regulations for the Aspire tax credit program application we submitted along with the RAD developer to obtain funding for the RAD project. The NJEDA now requires a 501C3, non-profit entity to be the partner with the developer. The attorneys on the project determined that it is best to utilize the Morristown Community Development Corporation (MCDC) for this purpose. Should we be accepted for this tax credit program, the investment (not cash), will pass through to PNC to purchase the tax credits who will then provide funding to the Owner (Orbach/MHA) for the RAD renovation project costs. Once received, our Seller's Note (\$16 Million) for the project will be retired. In summary, this resolution approves the replacement of MHA with MCDC, a 501C3, non-profit entity on the Aspire tax credit application. Commissioner Lutz asked is there a difference between the New Jersey Aspire program and *the* Aspire program. Commissioner Lutz further stated she had researched the program, assuming it was a federal program; also asked when did they change the rules that it had to be a 501C3. Mr. Kinard responded the program mentioned refers to the same program, the resolution simply shortened and interchanged the name of the program. He further stated that there are similar programs in other states. Mr. Kinard stated that the regulations just came out within the last month or so and there are approximately 18 applicants in the process. No development project has

received an Aspire allocation yet. Commissioner Oweis asked when did MCDC obtain the 501C3. Mr. Kinard stated that MCDC had previously started the 501C3 application some time ago and NJEDA accepts that because it is already in the process and if awarded it will be contingent on the completion of the 501C3. Commissioner Turbiner asked if MHA had created another single-purpose entity for the senior RAD project and did we go through the same process. Mr. Kinard stated, he was not aware of another because the Aspire Tax Credit Program did not exist at the time of the senior RAD project. In addition, the Manahan RAD project needs the additional development renovation tax-credit funding source due the fact that the units require more work and are at a higher cost per unit. Commissioner Turbiner further asked if the single-purpose entity goes out of business once the funds are received; and if there are any assets that will be attached to the organization. Mr. Kinard responded that it will probably still exist but it was created for the sole purpose of receiving the allocation and passing them along. State tax credits are of no benefit to a non-profit and there will not be any other assets associated to the entity. In addition, if there were other single purpose entities that were formed around the RAD project none were a 501C3 entities. Commissioner Zabala motioned to approve the resolution and Commissioner Oweis seconded the motion. Chairwoman Ballard, Commissioners Oweis, Zabala, Turbiner, Lindsey, McCoy and Lutz vote yes.

New Business

Chairwoman Ballard noted that a Board retreat is being planned and reminded Commissioners to email her back with a favorable date for the retreat.

CSG Advisor, Tanya Dempsey, Co-CEO, presented and reviewed in-depth with the Board the budget and financial report that was provided the week prior to this meeting. She stated that the report is to give an overall financial perspective on the agency. Ms. Dempsey spoke on the low-income public housing (LIPH) report; specifically, the revenues, expenses and the year-to-date status of each category, noting any unusual variances. The budget report outlined \$1.97 Million in anticipated revenue and \$1.90 Million in anticipated expenses with a modest surplus of approximately \$70K. In the budget-to-actual report there are some line items of budgeted funds included for Manahan as it was not anticipated to close until 3 to 4 months after the start of MHA's fiscal year. Some line items were spent over budget due to MHA anticipating certain expenses being borne by OAHS; however, MHA continued to function as property management during a three-month transition period in 2023 for Manahan and OAHS is reimbursing MHA for these operational expenses. After the closing of Manahan Village the rent collection as income/revenue is in the negative as after the closing rents were collected by OAHS property management. In addition, the LIPH report notes the outstanding debt that has been written-off as the MHA had to reconcile its tenant's accounts of rent's owed and turn over to collections. This debt from tenants was several years outstanding and is an MHA item not the new property management firm. She then proceeded to the Housing Choice Voucher Program (HCVP) budget report noting that all the public housing units have been converted into the HCVP; it is now the agency's primary funding program. The MHA has two primary sources of revenue from HUD: 1. Funding subsidy from HUD to issue Housing Assistance Payments (HAP) to pay landlords /owners to support families in the program; and 2. HUD also provides administrative fees to MHA for administering the program and support operational cost. Smaller sources of revenue may include payments from a few other housing authorities who had a tenant moved from their jurisdiction to live in Morristown. As such, the previous housing authority pays MHA HAP and admin. fees for administering payments to that tenant's Morristown landlord. The HCVP report indicates a negative receipt of HAP funds from HUD, called a shortfall. She noted that the primary reason for this is that HUD is extremely behind on their submittal of HAP funds to the MHA. HUD is typically three months behind on their distribution of funds to housing authorities. MHA has been able to cover cost due to availability of previous reserves. The other contributing factor of late HAP funds from HUD to MHA is the fact that the RAD project had two separate closing phases (Seniors/Manahan) that further formulated how much and the timing of funds from HUD to MHA. MHA has also been working

with HUD to ensure they are fully identifying all the subsidy to be issued to us; which, they have acknowledged.

Commissioner Turbiner stated that the delay in funding from HUD is not due to the three months MHA continued to operate the property but rather to their fund allocation timing and issue with identifying all the units associated with the funding they are to issue to MHA. Ms. Dempsey responded yes. Mr. Kinard further stated that HUD's voucher funding is typically behind; however, HUD does pay and tend to reconcile their voucher program allocation various times throughout a fiscal year. It is not unusual for HUD to send letters outlining additional funds being allocated to MHA. Commissioner Turbiner also noted an absence of interest (and that interest is a real number these days) from the proceeds from the closings, asked what is happening with those funds, should it be part of MHA's operating budget and be converted to certain money market accounts that will not tie funds up for a long period of time. Mr. Kinard noted that the only things happening with the proceeds is it continues to reside in a bank account and will be source for operations. He also noted that in January 2023 he did present to the Board an overview of the bank accounts. Mr. Kinard further stated that yes, the funds are accruing interest; however, the MHA is limited by regulations on how its funds are invested which impacts the amount of interest it can accrue. It is not the same process as a private corporation. Ms. Dempsey further noted that the agency has to also be conscious of long-term investments as you cannot touch the cash for a longer term and may need to be more solvent to ensure operational coverage. Mr. Kinard also stated that CSG will be assisting MHA in devising a solvent financial plan. Commissioner Turbiner noted that none of the funds in the finance report has any Capital Fund component; however, she recalls seeing an article in the paper that the Morristown Housing Authority recently was awarded a \$1 Million grant from some kind of capital from HUD; however, MHA no longer has any assets for capital funds. Mr. Kinard stated that HUD has a standard Capital Fund allocation to housing authorities and MHA is slated for its last year of Capital Fund from HUD as our fiscal year started October 2022 and it will be earmarked to reserves and can be utilized for a specified time and to benefit the property after closing. Some of which was and is being used to cover HAP payments until HUD catches up on payments to MHA.

Public Comments

None

Mayor's Comments

Mayor Dougherty noted that he is pleased to attend the MHA Board meeting and that in the past his wife was on the MHA Board and it was a conflict for him to attend meetings. He thanked the Board for the work they are doing. He stated that he has received some complaints from Manahan residents about a large tent being up in the area for many days which encouraged loitering and late-night activities. He noted that a letter will be sent to Orbach to meet with him in the coming week. He has gotten great feedback from residents at Ann Street and 31 Early Street. A resident thanked him for working with Mr. Kinard to address a complaint she had by sending him flowers. He stated that he knows that the big changes that are occurring can be hard to adjust for the seniors and other residents; but, this is a great project that is getting people better housing and living conditions and the Town Administration supports it.

Council Liaison's Comments –Robert Iannaccone

Councilman Iannaccone stated he also received calls from constituents about their being no Spanish speaking office staff that works for in the OAHs office to explain matters in Spanish. He encourages the development of a tenant association organization at Manahan to advocate for the tenants and be their voice. He asked if the Morristown Community Development Corporation is a single-purpose entity created just for the Aspire funds; who is the controlling entity for it, is the board appointment by MHA in perpetuity, does MHA always have control of the Board. Mr. Kinard stated MCDC was not created as a single-purpose entity, it is being

utilized as one for purposes of securing the Aspire allocation with the Developer. MCDC is an instrumentality of MHA with the goal of creating affordable housing in Morristown. He continued that the MHA controls 100% of the funding for the entity, has three MHA Commissioners on the Board, and the Board members all have term limits. If the MCDC ceases to exist all of its assets revert back to the MHA.

Adjournment

With no further business all voted to adjourn the meeting at 6:45 pm.