

ACCOMACK-NORTHAMPTON REGIONAL HOUSING AUTHORITY

MINUTES OF THE
July 26, 2023 Meeting
4:00 p.m.

The Enterprise Building
Accomack, Virginia

DIRECTORS PRESENT:

Charles Kolakowski
Vincent Holt
Patty White
Mike Mason

Northampton County
Section 8 Representative
Accomack County
Accomack County

DIRECTORS ABSENT:

Ernest H. Washington

Northampton County

OTHERS PRESENT:

Elaine Meil
Bruce Herbert
Sandy Taylor

Russ Williams
Leanna Rasmussen

1. Call To Order

Director Charles Kolakowski called the meeting to order at 4:03 p.m.

2. Minutes of the May 24, 2023 Meeting

Adoption of the presented minutes was requested.

Director White moved to approve the minutes of the May meeting as presented. Seconded by Director Holt, the motion was carried by unanimous vote. Director Mason abstained whereas he was absent during the May Meeting.

3. Bills Payable / Financial Statement

Commission approval was requested for the following Bills Payable and attached Financial Statements:

General Operating Account

A-NPDC 3100 A-NRHA Management Services, Mar/Apr

\$ 5,254.31

A-NPDC 3150	Crispus Attucks Management, Mar/Apr	\$ 0.00
A-NPDC 3151	Sunnyside Village Management, Mar/Apr	\$ 819.12
A-NPDC 3152	William Hughes Management, Mar/Apr	\$ 4,545.83
A-NPDC 3153	Virginia Street Management, Mar/Apr	\$ 2,900.09
A-NPDC 3154	Mill Run Management, Mar/Apr	\$ 648.53
A-NPDC 3155	Onancock Square Apts, Mar/Apr	\$ -564.71
A-NPDC 3160	Tax Credit Compliance, Mar/Apr	\$ <u>0.00</u>
	Total Due A-NPDC	\$13,603.17*

Section 8 Checking Account

A-NPDC 3157	Administration Mar/Apr	\$ 42,655.39
A-NPDC 315710	Fraud Recovery, Mar/Apr	<u>+ 9,483.74</u>
	Total Due A-NPDC	\$ 52,139.13*

* Detail was included with agenda item "Current A-NPDC Financial Report"

Sunnyside Village

East Coast Properties was submitted a Dunham, Aukamp & Rhodes PLC invoice on April 6, 2023 for FY2022 auditing services in the amount of \$3,775.00. As of date, East Coast Properties had not submitted payment. To keep in good standing, staff recommended that A-NRHA submit payment and be reimbursed by East Coast Properties.

Sandy Taylor reported that on April 6th, East Coast Properties were emailed the invoice. On July 14th, Michael Aukamp from Dunham, Aukamp & Rhodes, PLC, called and stated that there was no payment on the invoice. Ms. Taylor called East Coast and was told that there were no available funds. On the May report, it showed the check and a positive balance, additionally, this expense was in the budget. When Mr. Aukmap visited the office in late July, he stated that on July 24th a payment was received by check. Ms. Meil proposed that their financials should be brought in office to the A-NRHA. East Coast Properties has a scheduled meeting regarding the financials on September 11th.

Director White moved to approve the Bills Payable and Financial Statements as presented. Seconded by Director Holt, the motion was carried by unanimous vote.

4. Current A-NPDC Projects Financial Reports

The report indicated that 100.61 percent of the Fiscal Year 2023 budget has been expended while 100 percent of the fiscal year has passed.

Director White asked where will the monies come from if a line item or budget is over-expended. Ms. Meil stated that it will come from the reserves or general funds.

Director Mason asked why the insurance expense had a total of \$0. Ms. Taylor stated that the Governor of Virginia waived the Selective Insurance fees.

Director Holt moved to accept the A-NPDC Projects Financial Report. Seconded by Director Mason, the motion was carried by unanimous vote.

5. FY 2023 Budget Amendment

Board adoption of the following budget amendments were requested.

1.	315710	Fraud Recovery, Section 8	\$28,000.00
			<u>+11,000.00</u>
			\$39,000.00
2.	3157	Section 8	\$260,000.00
			<u>+ 40,000.00</u>
			\$300,000.00

ITEMS 1 & 2 represents the amendment to include additional FY23 administrative funds.

The net change to the FY 2023 budget is \$51,000.00. The requested amendments were reflected on the financial reports.

Director Mason moved to adopt the Budget Amendments as requested. Seconded by Director White, the motion was carried by unanimous vote.

6. A-NRHA Administrative and Client Services FY2024 Budget

The proposed budget was presented. The A-NPDC adopted its FY2024 Budget at their June Commission meeting, establishing the benefit and indirect rates for FY2024.

Director Mason asked what the steps would be to increase the “Interest Income” on the Budget since the LGIP interest has increased. Ms. Taylor said if it surpassed the amount projected, then a Budget Amendment would be done.

Director White moved to adopt the A-NRHA Administrative and Client Services FY2024 Budget as presented. Seconded by Director Holt, the motion was carried by unanimous vote.

7. FY 2024 Budgets

East Coast Properties had not submitted FY 2024 budgets for the following properties: Virginia Street and Sunnyside Village Subdivision. William Hughes Apartments, Mill Run Apartments, Crispus Attucks and Onancock Square are calendar year budgets and were previously adopted.

Ms. Meil stated that if East Coast does not present a budget before the fiscal year, then the bills would have to be preapproved. Ms. Meil stated that staff needed more time to determine a successful solution since financials have still not been received. Ms. Taylor mentioned that they are not paying the RTO funds and that has been brought to East Coast’s attention, additionally

they are audited each year. Ms. Meil discussed a brand new snowblower located in the William Hughes Apartments community room and it is undetermined if the RHA had paid for that. It does not show in the general ledger. East Coast staff said it had been given to them from the Delaware office. More research is being conducted since the auditors are not scheduled to return until the middle of September.

Ms. Meil stated that the options would be to do a continuing resolution regarding the budget or East Coast must request permission to pay bills. Director Kolakowski stated that he does not support approving individual bills, but to instead create a continuing resolution. Director White asked who was notified if bills were delinquent. Ms. Meil stated that East Coast Property's Manager is notified, but occasionally ANEC will call the A-NRHA office. Director Mason suggested these are issues that have to do with certain characteristics of management. Director Kolakowski noticed that there was no property management present and that brought up a red flag. Ms. Meil stated that some issues had been brought to Mr. Kean's attention for months and they are just now trying to resolve them. This started when the financials were not being presented and no one was answering emails from Ms. Taylor. Director Mason suggested that the A-NRHA should be prepared to pre-approve bills if it comes to that stage. Director Mason proposed a continuing resolution for the FY 2024 Budgets and to authorize staff to do what is needed regarding the financials. Director Holt moved to approve the proposed Continuing Resolution. Seconded by Director White, the motion was carried by unanimous vote.

Director White relayed that it seems East Coast is not doing their job properly. Ms. Meil stated that the RHA could take it over, but more staff would have to be hired and trained. Director White brought up the option to split the management and bring the financials in house. Director Mason says he would be alert to the contract and make sure to follow exactly what it says.

Director Mason asked how many clients East Coast has and Ms. Meil stated that it had previously been sold. Recently, financial staff has changed as well as other staff turnover. It has other properties that appear to make it approximately 2-3 times bigger than the apartments they manage for A-NRHA.

Director Mason asked about the performance per the contract. Ms. Meil stated that a 90 day letter would be sent to notify them of the performance errors. To change managers, a RFP would have to be prepared. It would take 3 maintenance workers and 2-3 property managers and a financial employee to run the A-NRHA operations. Director Mason supported the idea of sending a performance letter stating the issues and if they are not resolved, then the A-NRHA would search for alternatives.

Ms. Meil stated most of the focus was with Sunnyside and William Hughes. The trash seemed to be cleared, but more trash is appearing after rain events. There was no trash in the pond, but when it rains trash continues to come out of the pipes. This will be an ongoing issue until it gets fully flushed out. East Coast Property Management said that they came up with the funds for the 4 HVAC replacements at Sunnyside. The A-NRHA would have to cover the Sunnyside floor replacements.

Mr. Herbert contacted the police and 11 reports had been reported from William Hughes Apartments since summer. Ms. Meil stated that in Williams Hughes one tenant was causing a lot of problems and has since been served with an eviction notice. More evictions may be needed to resolve all of the issues. Ms. Meil made it clear to Mr. Kean that East Coast Property Management is to fix these problems so the property does not get a bad reputation.

Ms. Meil said that there is a giant cockroach infestation and every unit will need to be cleared and exterminated which will be expensive.

Mr. Williams stated that the physical maintenance isn't bad but almost every tenant had complained about the cockroaches. Mr. Herbert said that he was surprised they looked as good as they did considering the neglect that had been recurring.

Ms. Meil stated that new contracts need to be made with East Coast to devote the entirety of the rental increase to maintenance and repairs at Sunnyside.

Ms. Meil stated that she gives them credit for taking the trash issue seriously and trying to resolve it quickly. There was an accident at Pine Street and the insurance quote had come back. East Coast was now taking care of that issue. Pine Street and Sunnyside wooded lots looked clear and the trash problem was isolated to only William Hughes Apartments.

Ms. Meil stated that paperwork with a new management would be different and that the financials could be done in the office with Ms. Taylor and Ms. Rasmussen. Director White asked if there was a known issue with the decrease in staff productivity. Ms. Meil stated that she asked Mr. Kean about that issue and hadn't answered the question directly but just said it was his responsibility. Director White agreed that a letter is the best first step.

Director Mason stated that a search for more resources should be used for more housing, and not given to the management.

Director Mason asked how they are being paid. Ms. Meil stated they receive salary and fringe and also a management fee. She wants a roster of all employees for each property and the salaries for each employee. This information should be included in the contract and be presented to the Board each year. It was known that Reggie, the property maintenance, is trying his best and needs help for all the properties. Director Kolakowski suggested looking at the steps for a replacement management company. Things continue to be brought to the Board's attention, and that is concerning to the Board.

Director Kolakowski asked if Sunnyside needed a full renovation. Mr. Herbert stated that a spreadsheet had been started to determine the assets, costs to renovate, and age of the assets. It is approximately \$40-50K per house. For example, roof, flooring, hvac, and a new deck would have to be completed for each house. Ms. Meil stated that several floors, roofs, and HVAC's had been renovated prior and shouldn't cost as much. Those previously renovated units would need a big

remodel sometime in the future, but not right now. Additionally, a grant would not be unlikely for the renovations due to tax credit competition without being able to include project based units. The revenue from the rental increases should be put back into the properties. The A-NRHA would search for a draft RFP for Property Management. If that is unsuccessful, then the RHA would have to create one.

Director Kolakowski replied that staff should devote the rental increase to repairs minus the management fee. A contract amendment would be needed to eliminate the management fee on the rent increase. Ms. Meil stated it is hard to give them funds when they have not managed the properties well, but she will do whatever the contract requires.

Director Mason motioned for the A-NRHA to present a certified letter and request a response from East Coast Property Management. Seconded by Director White, the motion was carried by unanimous vote.

8. Property Management

Mill Run Apartments - 26 Duplex Apartments

- Vacancies: One three bedroom apartment was vacant.
- Rent: Three tenants were delinquent. A few were approved for Emergency Funds but never received them as funds ran out. Some outside assistance had been found to help the tenants who were approved for the Emergency Funds.
- Maintenance: Staff was working on minor HVAC issues due to the heat. Unit turns were being completed and day to day items addressed.

Sunnyside Village - 23 Single Family Houses

- Vacancies: There were two vacancies.
- Rent: Three families were delinquent.
- Maintenance Issues: The flooring system in 4675 and 4702 had been repaired. There were two more units with flooring issues.
- HVAC Units: Four units needed to be replaced. New regulations had been placed, so the outdoor units and air handles must be replaced. The original units were from 1998 and do not match the new freon based replacement systems.
- Staff was working on better rent increases to help with cash flow issues. Increases will take place this fall.

Virginia Street - 10 Single Family Houses

- Vacancies: None.
- The three bedroom house was offline and needed to be torn down to prevent break ins. The property was posted with no trespassing, and bids were received for demolition. Prices received were unacceptably high and renegotiation was required.
- Rent: Two residents were delinquent.
- Maintenance: The HVAC system in the two bedroom unit had been approved for replacement.

Crispus Attucks Apartments - 22 Duplex Apartments

- Vacancies: One unit was unoccupied and staff was working with new applicants.
- Rent: Two families were behind. Two families had been approved for RRP funds, but the funds were unavailable. They are making payments. Some outside assistance had been found to help the tenants who were approved for Emergency Funds, but never received them.
- Maintenance Issues: Driveway repairs had been done. One HVAC unit needed to be replaced with Reserve for Replacement Funds.

Williams Hughes Apartments - 34 Apartments in 6 Buildings

- Vacancies: There were two vacancies with another expected in August.
- Rent: Three families were delinquent and notices were sent.
- Maintenance Issues: The duct replacement in unit 702 was completed. Unit 701 had a leak in the roof that was repaired.
- Inspections had been completed. Working on inspection items and unit turns. Staff was working on internet upgrades.

Onancock Square - 40 Apartments in 4 Buildings

- Vacancies: There were three vacancies. One one bedroom, and two two bedroom units.
- Rent: Four families were delinquent.
- Maintenance Issues: Staff continued their monthly inspections of one building per month. Only minor housekeeping issues were present.

Director Mason asked for a brief explanation as to how Accomack Manor came to be. Ms. Meil stated she would bring that update and explain it at the next meeting.

9. Housing Development Projects

Accomack County Project

Staff was still in search of a viable property for development. Staff was monitoring the post for tax sale opportunities.

Northampton County Project

Duplex plan development continued. Dwelling unit separations had been prepared by G.E.Y. engineering. The bid process for the AOSE was underway. The two homes on Occohannock Neck Road were almost completed. Water and Sewer connections were underway. The homes were for sale with some encouraging interest from the public.

Director Mason asked if staff were looking at the land inside QCT. Ms. Meil stated no as A-NRHA is not eligible as a non-profit organization.

Director Kolakowski asked what the need for more land was for. Ms. Meil stated more land is needed to develop more affordable housing.

10. Housing Choice Voucher Section 8 Program

- A. We were serving 478 families (minus 4 since the last RHA report). We had 44 families pending action, and of those pending 35 had active vouchers and were searching for housing.
- B. The waiting list has been open since April 4, 2022 and remains opened. Staff continued to conduct one to two HCV briefings monthly and issue vouchers accordingly.
- C. New Fair Market Rents are expected to be published by HUD sometime before August. Those new FMRs would be presented to the RHA at their September meeting before August.
- D. Local utilities had been reviewed by Management Resource Group, Inc.
- E. HUD had delayed issuance of updated Income Limits until late May. Usually the new limits are available by mid-April. Staff expected the new limits to be significantly higher due to inflation, allowing more families an opportunity for assistance.

11. Executive Director's Report

Property Management - Sunnyside & William Hughes Apartments

Staff met and began working on a complete review of Sunnyside and William Hughes Apartments. Progress reports from each meeting are included.

William Hughes Trash Update 5/31/23 - Housing Specialist Matthews provided a report that almost all the trash had been picked up at William Hughes Apartments and he had pointed out a few spots that needed more work to East Coast staff. He also examined woods at Sunnyside and Bailey Road Apartments. Both appeared in order. Community Development Coordinator Herbert had obtained a sample lease and list of tenants for William Hughes Apartments and presented the interior inspections information on most of the apartment. Director of Housing Services Williams had completed a basic rent review of Sunnyside Apartments.

Rent Reasonableness Sunnyside 6/15/23 - Director of Housing Services Williams completed the rent reasonableness assessment of known tenants. Two were identified as living in larger unit sizes that would be adversely impacted by rent increases.

Police Reports, Sunnyside Reserve for Replacement, General Ledgers 6/22/23 - Community Development Coordinator Herbert presented eleven police reports for William Hughes Apartments from May 1 until June 21. One report was a noise complaint, one was for stray feral cats and one was a welfare check on a child. The other eight reports were for fights or harassment including fist fights, one knife was displayed during a fight and the last report culminated with a group threatening to fight that was displaying several weapons. This last call on June 12 resulted in three officers and the sheriff responding. Executive Director Meil presented the draft reserve for replacement plan for Sunnyside Apartments. Director of Administration Taylor had obtained the general ledgers for each property. Director of Housing

Development Luchansky presented the draft survey for the interior inspection of William Hughes Apartments.

6/30/23 - Community Development Coordinator Hope handed over her assessment of the documentation of Mill Run Apartments waiting list pulls. As part of this process, the East Coast manual was obtained. Housing Services staff are reviewing.

William Hughes Apartments Inspections 7/13/23 - A-NRHA inspectors (Matthews, Herbert, Luchansky and Williams) complete the William Hughes Apartments inspections for all units. Only minor repairs are needed but the entire property needs a major extermination of bugs. Executive Director Meil met with Property Manager Kean and East Coast staff to discuss eviction of the harassing tenants at William Hughes Apartments (one is already in progress), to require that William Hughes Apartments reputation not be further damaged and its reputation restored as soon as possible, to discuss the rent and repair situation at Sunnyside, and next steps.

Next Steps

Director of Housing Services Williams is completing an assessment of the William Hughes Apartments inspections and surveys obtained. Information from the surveys still needs to be analyzed.

Executive Director Meil has contacted East Coast Property Manager Kean regarding proposed rent increases at Sunnyside and their dedicated use for deferred maintenance and repairs.

A-NRHA staff need to finalize the Sunnyside Reserve for Replacement plan. An estimate of immediate needs is the next step and a determination on how to finance the immediate needs.

Current Assessment & Discussion

Staff's draft recommendation to A-NRHA will be to consider approval of a line of credit of \$50,000-\$200,000 with the final amount based on the immediate needs and an analysis of what the increased rents can support.

East Coast Property Management has responded quickly to A-NRHA complaints but it is clear that the neglect was very severe and it will take more than two months to correct the issues. Therefore, staff requests that the review continue and another progress report should be brought to the next A-NRHA meeting.

12. Other Matters

No other matters were discussed at the time.

13. Public Participation

No public participation took place at this time.

14. Adjournment

Director Kolakowski made the motion to adjourn. Seconded by Director White, it was approved unanimously.