

MINUTES OF THE SPECIAL MEETING
BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
HELD FRIDAY, MAY 21, 2004

The Oakland Housing Authority Board of Commissioners convened a Special Meeting /Work Session at 1619 Harrison Street, Oakland, California on the above date. Vice-Chair Alfred Lee called the meeting to order at 3:44 p.m. Chair Richard E. Winnie arrived late.

I. Roll Call

Commissioners present were Alfred Lee, Moses L. Mayne, Jr., Robert J. Pittman, Jr. and Chair Richard E. Winnie who arrived late. Commissioners Marion M. Mills, Melanie M. Shelby and Jacqueline Taylor were excused.

II. Modifications to the Agenda

(Allows for any change in the order of business or the announcement of the postponement or continuation of agenda items.) The Board can only take action on items listed on this agenda unless a finding is made that an emergency exists or a need arose after agenda posting.

There were no modifications.

III. New Business

A. Presentation of the Amendment to the Predevelopment Services Agreement with EBALDC and The Related Companies for the Coliseum Gardens Primary Site.

Mr. Jon Gresley, Executive Director, provided background information. He noted that this is the largest and most complex HOPE VI that involves transfer and exchange of land with the City of Oakland. He called on Mr. Phil Neville, Director of Development Department. Mr. Neville recognized the presence of the following persons: Mr. Jeff Angell, representative from CEDA of the City of Oakland; Ms. Isabel Brown and Ms. Michelle Brewer, counsels from Goldfarb & Lipman; Messrs. Josh Simon and Carlos Castellanos from EBALDC.

Mr. Neville provided background information, noting the selection of EBALDC and The Related Companies, and Chambers for the negotiation of the Master Agreement. He also noted that this document covers the rental housing development. He indicated that the Board previously approved the

Predevelopment Services Agreement and the Predevelopment Loan Agreement. Mr. Neville discussed the acquisition of additional parcels of land adjacent to or in the vicinity of the Coliseum Gardens development. Mr. Neville explained that the work of the developer is being expanded to include infrastructure. Authority staff is working with the City of Oakland to design an innovative way to generate funds with which to pay to get the work done.

Commissioner Lee asked about the cost of site control so far at this development. Mr. Neville responded that he could provide an update about the main site. Mr. Lee asked if we were on target compared to projections of cost and time. Mr. Neville responded that we are getting ready to begin Phase I hopefully, before Labor Day and work on Phase II in January 2005.

Commissioner Mayne asked if the developers have secured the necessary funds to complete the park. Mr. Neville responded no, but that funds will be put together from perhaps as many as eight sources. Mr. Mayne asked if our partner developer is approaching the City to compete for funding for the park. Mr. Neville and Mr. Gresley clarified that we cannot go after the same sources that the City is going after. Discussion continued on the methods planned for financing the development of the park. Commissioners expressed concerns about the eventual operation and oversight of the park by the City of Oakland.

Chair Winnie asked if there were any issues that the Board should focus on. Mr. Neville said he would like the Board to be aware that the Development Department had redrafted the Owner Participation Agreement and that it is being renegotiated.

B. Presentation of the proposed first-year Annual Plan under the Making Transitions Work Demonstration.

Mr. Gresley said that one of the requirements of the MTW agreement is that each year OHA submit an annual plan. Normally it would be due by May 1st. The plan includes the budget and it is necessary that we get it to HUD so that there is no interruption in funding. This year we are expecting begin with the same policies of the Housing Authority. What we are identifying in the plan are those areas where we expect to undertake policy analysis, policy consideration and look at options of operating the program more efficiently, streamlined administration or changes in policy that might affect the overall requirements of some of our programs. These will be formally presented to the Board at its next regular meeting. Deputy Executive Director Sharon Harrison Brown was asked to briefly explain some of the policy areas to be explored. Ms. Brown listed a number of policy areas including whether or not we want to block grant the funding and various options for rent structures in Section 8 and Public Housing

Programs during the next year. Mr. Gresley clarified that procedurally, OHA is required to conduct a public hearing and that public hearing is scheduled for Monday, May 24th as the first item on the agenda.

Commissioner Pittman asked about the work component and the social service component. Mr. Gresley responded by saying that the resources aren't going to be there to add components until we subtract some components. The first thing to do is to examine how to streamline, administratively. Discussion continued on ways to pursue policy and administrative changes under MTW.

Commissioner Mayne asked about the pros and cons of block grant Section 8 funds. Mr. Gresley explained that block grant allows the blending of funds. HUD keeps changing the rules and Mr. Gresley is not sure we'll ever know, except in hindsight, whether we should have block granted or not, but we are going to try to bring in someone to help us analyze how we might do it. He said that we are going to undertake some research but it will be based on some assumptions. He also said that as the Commissioners know, Section 8 funding is changing almost by the day, right now.

Commissioner Mayne asked when that would take place. Mr. Gresley said that it would be an ongoing issue and that when staff feels that they have enough information to make a recommendation to the Board, we will present it to the Board.

Commissioner Pittman mentioned that at both the NAHRO and at the Housing Symposium, he got the sense and has the inclination that he is weary of the block grant. He didn't hear any really solid testimony where he saw a lot of success happening for people that had gone in that direction. He felt like there wasn't much success. Mr. Gresley said that Cambridge, MA has some outstanding success with it in the first couple of years, but then later they began to have problems. Because of the way the administration is choosing to fund Section 8 now and because of what they are proposing in the "flexible" voucher program, we may not gain or lose under block grant, it may all amount to the same thing in the end. It's possible, however, if the administration succeeds and receives endorsement from Congress to do the flexible voucher program, then there may be some advantage to block granting because we might gain access to some funds that are in our project reserve that we wouldn't be able to access otherwise.

Commissioner Lee clarified that MTW is written very flexibly so that the Board may amend it all year as the Board makes decisions and learns from experience from other Housing Authorities. Mr. Gresley agreed.

C. Presentation of the proposed Operating Budget for the fiscal year July 1, 2004 to June 30, 2005.

Stephen Knight, Director of Finance, briefly discussed the proposed budget and outlined the changes from the prior draft. Mr. Knight described a list of adjustments that were passed out to the Commissioners. He said COLA was reduced by 1% (initial draft indicated 3%) to 2%. He mentioned the various positions that were eliminated with this draft. Sixteen positions are proposed to be eliminated. He said that other adjustments we have to factor in are utility costs. The budget includes funding for a new voicemail system that was not in the initial draft.

Commissioner Pittman voiced his concern about staff reductions in Facilities Management. It is a concern that over 50% of the reduced positions are in Facilities Management. Mr. Gresley explained how the reductions were made. We have cut in all of the other departments over the past five years and we have protected Facilities Management.

Commissioner Lee questioned the level of Authority reserves. Mr. Gresley said that the reserves were built up from surpluses in earnings in our administrative fees primarily in Section 8, but also other local earnings that we've had for many, many years. He said that we need to be very judicious about examining the reserves, because they are not growing as they used to because interest rates are down. He said that we have big commitments already on the books for the use of those reserves to complete our HOPE VI projects and part of that was to leverage those funds for development. We are adding 600 units.

Discussion continued regarding the HOPE VI developments and recently modernized developments.

Commissioner Lee then asked that since we were going to cut back in staff if we are going to generate more overtime. Mr. Gresley said that there is no money to generate more overtime, however, the work will get done. Mr. Lee asked how. Mr. Gresley responded by citing the example of positions in floor laying. He said that we added three positions in that area this year. We found that we were paying contractors too much money and that we were better off saving money by doing the work with our own crew. We're going to be making those same kinds of decisions, constantly, to see if we are better off using our own staff or better off using contractors. With the productivity improvement that we are seeing, Mr. Gresley believes that we are not going to lose any ground and he hopes to still gain some ground.

Commissioner Mayne opposed the cuts of the maintenance service supervisor,

carpenter, painter and grounds crew. He indicated, however that the Facilities Management department is being handled in an excellent manner and he thinks that OHA has come a long way because each Director has come to a level that exceeds what OHA has done in the past and he is really happy to see that. However, as a Labor Representative, he does not want to see those positions cut. Mr. Gresley agreed that we are very fortunate to have a great team.

D. Presentation of issues related to Section 8 funding decisions by the U.S. Department of Housing and Urban Development.

Mr. Gresley indicated that he wants to make sure that the Commissioners are kept up to date. This is a very scary area and it's a constant moving target. He explained that HUD claims that they are just interpreting Congressional intent. Essentially what has happened is that HUD adopted a very conservative way of estimating how much money PHAs will need to operate their Section 8 programs. Using that formula, PHAs have been estimating whether or not it will be enough to carry them through. We're talking about the funds that are necessary to operate the program between January and December of 2004. We've been hearing horrible stories from other PHAs. Mr. Gresley described actions taken by staff to attempt to clarify our Section 8 funding. We think that we are going to be ok because we still have a project reserve of over \$4.2 million at Washington and that is more than enough to cover our over-leasing this year.

Mr. Gresley described the issues related to the coming years funding. He believes that we may have sufficient funds for payments to owners at least until December 31st of this year. We have no idea what HUD is going to do next.

Mr. Gresley said that yesterday, HUD announced that they found \$150 million and they are going to plug some of that money into the project reserves of some 250 or 350 PHAs. Alameda City may actually get some money. Mr. Gresley described the difficulty in obtaining information and direction from HUD staff. He indicated that HUD provided information that we would receive a 13% cut in administrative fees. This represents 13 to 15 positions out of our Leased Housing department. There is no way that we can operate with that kind of cut and neither can any other PHA. We're dealing with a very volatile and unpredictable situation and even though Mr. Gresley doesn't know where it's all going to go, he will ask the Board of Commissioners on Monday night to adopt the budget as we've presented it. If HUD imposes this retroactively, it would have an affect of being about a 26% cut because we'd have to absorb that whole cut in the second half of the year, because HUD will just reduce the fee we get in the next six months or through our year-end settlement. Painter and the Carpenter

IV. Recognition of people wishing to address the Commission

There were none.

V. Adjournment

Without any further business, the meeting was adjourned at 5:00 p.m.

Chair

Secretary