

MINUTES OF THE
SPECIAL MEETING/WORK SESSION
BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
HELD FRIDAY, DECEMBER 16, 2005

The Oakland Housing Authority Board of Commissioners convened a Special Meeting / Work Session at the Waterfront Plaza Hotel, 10 Washington Street, Oakland, California on the above date. Chair Moses L. Mayne, Jr. called the meeting to order at 10:24 a.m.

I. Roll Call

Commissioners present were Joe L. Brown, Robert J. Pittman, Jr., Jacqueline M. Taylor, Ramon J. Terrazas and Chair Moses L. Mayne, Jr. Commissioner Alfred Lee was excused.

II. Modifications to the Agenda

There were none.

III. New Business

A. Consideration and approval of Amendment to Bylaws.

Mr. Jon Gresley, Executive Director, said that at the last Board meeting the Board indicated that they would like the time of the Regular Board meeting be changed from 7:00 p.m. to 6:00 p.m. and the amendment of the Bylaws to be put on the agenda. The amendment of the Bylaws requires the approval of five Commissioners. Chair Mayne noted that the regular meeting could start at 6:00 p.m. and any closed session would follow.

Commissioner Pittman moved approval of the proposed Bylaw amendment to change the time of the regular meetings from 7:00 p.m. to 6:00 p.m. Commissioner Taylor seconded and the Board voted unanimous approval. Commissioner Pittman said that it would be hard for him to have the workshop meetings on Mondays. Commissioner Taylor echoed the same feeling. The Commissioners reached a consensus that the workshop sessions would remain on Wednesdays and will begin at 6:00 p.m.

B. Consideration and approval of Memorandum of Understanding with the City of Oakland to provide housing assistance to victims of Hurricane Katrina.

Mr. Gresley informed the Commission that the City of Oakland set aside \$250 thousand of Home Funds to be used for temporary rental assistance program for families displaced by Hurricanes Katrina and Rita. He said that since the City does not operate a rental assistance program, City staff had asked the Oakland Housing Authority to administer the program. It would be a two-year program which would serve about 8 very-low income families. He said the displaced families must meet the City's criteria to be eligible for the program. He recommended that the Board approve a resolution for the Executive Director to execute the Memorandum of Understanding with the City of Oakland in order to administer the program.

Discussion followed. Commissioner Pittman asked if the workload is negligible and who would pick it up. Mr. Joseph Villarreal, Director of Leased Housing said that both Eligibility and Leased Housing would pick it up, and the workload will be negligible. Commissioner Taylor asked if the families would be given vouchers, or if they would be placed in public housing. Mr. Gresley said they would be given vouchers. Commissioner Terrazas asked how the costs of the vouchers are compared to the Section 8 vouchers. Mr. Villarreal said they would be the same. Ms. Joyce Roberson, Interim Director of Housing Management, said there would be service costs to help the displaced victims to look for places to live. Dr. Terrazas asked how long the victims could stay on the program. Ms. Roberson said 24 months.

The discussion continued. Mr. Gresley said that all of the families would be encouraged to apply for the Section 8 program. He said that if the eligible eight families and about 15 KDHAP families apply and are chosen in the lottery, they should be able to stay after the end of the program. Chair Mayne asked which agency from the City is going to determine which families are eligible and which are not. Ms. Roberson said that the families should be FEMA-certified and have FEMA numbers and would go into the lottery. Ms. Roberson added that they would use the same contractor who handles the Section 8 waiting list. Mr. Gresley added that the contractor would be responsible to the Authority.

Commissioner Taylor moved approval of the resolution. Commissioner Pittman seconded and the Board voted unanimous approval.

C. Consideration and approval of Commissioner Travel.

Mr. Gresley said that there are two upcoming NAHRO meetings. They are the conference of the Northern California/Nevada Chapter in Sacramento on February 5 – 7, 2006, and the Legislative conference in Washington, D.C. on March 13-15, 2006. Mr. Gresley said that Chair Mayne, a member of the

Pacific Southwest Regional Council, will travel two days earlier to attend the National Commissioners' Committee meeting in Sacramento. Commissioner Taylor asked for the deadline of registration for the Sacramento conference and if there is going to be a refund for cancellation of registration. Mr. Stephen Knight, Director of Finance, said the deadline for registration is January 21, 2006, and registration fees would be refunded for cancelled registrations.

Commissioners Brown, Pittman, Taylor, Terrazas and Chair Mayne indicated they will attend the meeting in Sacramento on February 5-7, 2006. Chair Mayne also indicated that Commissioner Lee should be authorized to attend if he wants to. Commissioners Brown, Pittman and Chair Mayne indicated they will attend the Legislative conference in Washington, D.C. on March 13-15, 2006. Mr. Gresley will check with Commissioner Lee if he also wants to attend. Commissioner Pittman requested that he attend the Pacific Region Spring conference in Los Angeles. He also would like to go to National conferences, the Washington Legislative and the Atlanta Legislative conference in the fall.

Commissioner Taylor moved approval of the Commissioners travel to attend the NAHRO conferences in Sacramento on February 5-7, 2006 and the Legislative conference in Washington, D.C. on March 13-15, 2006. Commissioner Pittman seconded and the Board voted unanimous approval.

D. Report from the Commissions Committee on Reorganization – Presentation on organizational changes necessary to meet the strategic goals of the Authority while responding to HUD's requirement for property-based operations of public housing.

Commissioner Terrazas noted that their Committee on Reorganization met about a month ago and discussed the strategic goals of the Housing Authority. Mr. Gresley presented his ideas to the Committee at that meeting. Chair Mayne called upon Mr. Gresley to make a presentation. Mr. Gresley said that back in September 2005, the U.S. Department of Housing and Urban Development (HUD) published a Final Rule on the new operating fund formula for public housing. He noted the requirements for the housing authorities to be eligible for subsidy. He said that by 2007, the Authority must convert to project-based budgeting and project-based accounting. By 2011, the Authority would be required to operate on a property-based management model. Mr. Gresley described the current organization of the Authority.

Mr. Gresley discussed the three issues of new funding formula for Public Housing operating subsidy, the financial opportunities generated by MTW, and the gains realized from the California Affordable Housing Initiatives (CAHI).

The Authority should be restructured to better align the organization with its primary business activities. The three major activities are: Property Management; Administration of federal contracts for assistance in subsidized private housing, currently being done in two departments – Leased Housing and California Affordable Housing Initiatives (CAHI); and Development of affordable housing. Mr. Gresley described each of the three major activities.

There was discussion during the course of the presentation. The Commissioners addressed the problems of trash dumping in some of the properties. Commissioner Taylor noted that trash dumping in some of the properties is a big problem. Commissioner Terrazas suggested the use of surveillance cameras. Mr. Gresley said the Authority could not afford to have surveillance cameras in all of the problem areas. Commissioner Taylor noted that when she moved in at Tassafaronga in 1991, it made a big difference for having four responsible people watching the site. Commissioner Brown asked if staff could change the current dumpsters. Mr. Gresley would take a look at that option.

Mr. Gresley provided a background history of Public Housing and Leased Housing. He discussed the changes made from the 1940s to the 1960s when the Authority operated three developments: Peralta Villa, Lockwood Gardens, and Campbell Village. He discussed the revitalization of HOPE VI and the scattered sites. Mr. Gresley also discussed the funding of the developments. With regard to Leased Housing, he discussed the growth of Section 23 Leased Housing Program and its conversion to Section 8. Mr. Gresley noted the significant surpluses the Authority experienced in the Section 8 Program until HUD revised the formula for calculating administrative fees. Mr. Gresley said that HOPE VI, created in 1993, had provided the Authority with four grants that lead to the re-development of four large developments and four small sites. At the beginning of 2001, the Authority had the opportunity to apply for MTW and the submission of a proposal to administer Project-Based Contract Administration for Section 8. Mr. Gresley said that in 2004 the Authority launched its business venture with California Affordable Housing Initiatives (CAHI). He called upon Mr. Stephen Knight for a briefing on the new operating fund model.

In order to accommodate a visitor, Chair Mayne recognized Ms. Candace Etter, a Section 8 tenant living at 1063 55th Street, Oakland, who wished to address the Commission (**see Item IV – Recognition ...**).

After Ms. Candace Etter addressed the Commission, the presentation continued. Mr. Knight distributed a handout to the Commissioners. Mr. Knight discussed the goals, the applicability, and the implementation of Asset Management. Mr. Knight directed the Commissioners' attention to the page on the handout that

shows the grouping of the scattered sites, which is titled "Proposed Projects." Chair Mayne asked what EAs, EBs, WAs and WBs mean. Mr. Knight said they represented the sites in the East and West Districts. Mr. Gresley provided additional explanation on the proposed 20 groupings of the sites for accounting and budgeting purposes.

Mr. Knight continued and discussed Project-Based Management. He also discussed Project-Based Accounting and the Asset Management Compliance requirements. Mr. Knight directed the Commissioners' attention to the page titled "Comparison of PEL vs AEL." He noted that PEL stands for Project Expense Level and AEL stands for Allowable Expense Level. He discussed the Annual Weighted Average of the PEL and compared it to the AEL. A brief discussion followed the presentation.

Mr. Gresley provided a handout to the Commissioners called "Preliminary List of Properties under Property-Based Management." The properties listed are categorized into three. The properties printed in black represent the individual properties, those printed in blue represent the scattered sites, and the properties printed in red represent the HOPE VI sites. Mr. Gresley discussed the list of properties. He continued and discussed the financial opportunities presented by MTW. First, he discussed how the Authority had operated prior to MTW, and how HUD calculated the Authority's funding allocation. Under Non-MTW, the Authority needed to maintain its Section 8 utilization rate below 100 percent and could only get the amount spent. Under MTW, the Authority draws the full amount of subsidy at the 100% utilization rate. Mr. Gresley said that last year, OHA realized about \$3.5 million on Section 8. He said that in addition, HUD transferred the Authority's Section 8 reserves as a block grant of \$11 million. So last year on MTW Section 8, the surplus revenue was about \$14.5 million. Mr. Gresley discussed factors that are reducing Section 8 costs this year. One is that rents are going down. Another factor is that the Authority changed the policy on assignment of family subsidy level in order to comply with HUD's rules. A third factor is that the Authority received notification on December 1, 2005 that Alameda County Housing Authority wished to absorb 300 units of Section 8 on January 1, 2006. This means the Authority would lose 300 units and its utilization would drop this year. A fourth factor is that the Section 8 wait list is nearly depleted and the Authority needs to re-open the list. The development of a new list will delay the issuance of vouchers.

Mr. Gresley said that the Authority will likely realize about \$10 million surplus this year from MTW. The Commissioners asked questions during the course of the presentation. Commissioner Terrazas asked what percentage on the Wait List would get Section 8 vouchers, how soon a new Wait List would come out, and what was being done by staff to diversify the applicants on the Wait List.

In answer to the first question, Mr. Villarreal said it varies, and right now it was about twenty-one percent. Ms. Patricia Ison, Director of Resident and Community Services Department, said that the new Wait List would open in January 2006. With regard to diversification, Ms. Ison said that the outreach a large effort utilizing service providers serving the non-English speaking population. Commissioner Pittman asked how staff would get good press for the opening of opportunities for low-income housing in Oakland. Ms. Ison responded with a description of the media that have been contacted. Commissioner Terrazas pointed out that in order to target the Latino population, staff should go to television. Ms. Cossey elaborated on the outreach efforts. She said staff met with the Unity Council and with some of the organizations in the Fruitvale area. Commissioner Terrazas would like the Commission to be involved in getting good press.

Commissioner Taylor would like to know if she would still be a Commissioner if she applied for a voucher and accepted. Mr. Gresley did not have a definite answer and Ms. Jennifer Bell, Legal Counsel, would review it and provide the answer. Commissioner Taylor asked if there would be a consideration of a Section 8 resident to serve on the Commission. Mr. Gresley said a review would need to be made, including of the Authority's Bylaws.

Mr. Gresley discussed the operation of the California Affordable Housing Initiatives (CAHI). He said that CAHI commenced operation in October 2004 and completed its first fiscal year on June 30, 2005, generating a surplus of \$2.4 million. CAHI is expected to produce a profit of \$4 million each year for the remainder of its current contract. The contract with HUD is for an initial three-year period, with two one-year renewal periods. Mr. Gresley expects that the contract may be renewed. Chair Mayne asked if the profit of \$4 million is for the Authority or for the partnership. Mr. Gresley said it is for the Authority. Ms. LeeAnn Farner, Director of CAHI commented that CAHI is one of the last contracts to be awarded by HUD. Those that were awarded in 2000 were at the end of their five-year contract, and are being renewed on a one-year basis until all catch up. After that, HUD will be doing five- to ten-year contracts. Mr. Gresley noted that CAHI would gain \$4 million each year for the next four years.

Commissioner Pittman asked how MTW could be extended and for how long. Mr. Gresley indicated that we do not know at present, but that a number of MTW authorities are having their agreements extended. Commissioner Terrazas asked if there is any way of growing CAHI. Mr. Gresley said that our partner, CGI, submitted a proposal to HUD in response to an RFP. Mr. Gresley said that there had been an RFP that came out for Project-Based Contract Administration, and CGI had included CAHI in the proposal. The proposal was

submitted in June 2005. Commissioner Taylor asked what would happen if the Authority would not be able to renew its MTW contract. Mr. Gresley said that the Authority would no longer make money on Section 8. Commissioner Terrazas commented that the Authority needs to reorganize soon all of Public Housing in anticipation of losing MTW.

Mr. Gresley then discussed the organization of the major business activities. He noted that it is important to organize the Authority so that leadership is assigned to each of these activities and focuses exclusively on the business plan and the goals necessary to meet the best potential of each activity. Mr. Gresley first discussed Property Management. He handed out the Authority's current organizational chart, as well as the proposed organizational chart to the Commissioners. There are ten departments on the current organization. Five department directors report to the Deputy Executive Director and the other five department directors report to the Executive Director. He said that in carrying out the business of public housing, the leadership role needs to be elevated to the Deputy Executive Director. Mr. Gresley noted that the Authority's property management function is almost exclusively public housing.

The proposed organizational chart shows three Deputy Executive Directors reporting to the Executive Director. They are: Deputy Executive Director for Property Operations – Chief Operating Officer (COO), Deputy Executive Director for Real Estate Development – Chief Development Officer (CDO), and Deputy Executive Director for Program Administration – Chief Administrative Officer (CAO). Mr. Gresley explained the new proposed organizational structure. The Deputy Executive Director – COO will be responsible for the success of the Public Housing Program. The Deputy Executive Director – CAO will have primary responsibility for the success of the contracts to administer housing subsidies for privately-owned housing. Along with the Director of CAHI, the Directors of Leased Housing, Finance and MIS will be reassigned to the Deputy Executive Director – CAO. The Deputy Executive Director for Real Estate Development – CDO will have primary responsibility for the development activities. The Directors of Police Services and Human Resources will remain direct reports to the Executive Director.

Mr. Gresley called upon Mr. Villarreal for a brief status of the Leased Housing reorganization. Mr. Villarreal said that since August 2005 the Authority has been recruiting people. Two managers have been hired and more interviews will be taking place to fill a total of five. The Authority has hired clerks and is currently hiring ten Housing Representatives. He said that in January 2006, the remaining team will be switched over to the new model.

Commissioner Taylor asked about the overall personnel cost and the number of

positions that are going to change. Mr. Gresley does not anticipate major changes in numbers. He discussed the functionality of the Deputy Executive Director – CDO. He noted that the Development Department is currently relying on HOPE VI administrative funds and needs to develop a business plan to earn developer fees and break-even.

Mr. Gresley said that Mr. Barry Nann and Ms. Joyce Roberson accepted their respective positions on an interim basis, and the new positions should be filled soon. He said the Authority needs to start re-organizing property operations, and he would like it to transition in about a year and a half, when the current labor contracts expire on June 30, 2007. Mr. Gresley said he would like to get started in recruiting the three Deputy Executive Director positions. Mr. Gresley indicated he wanted to finalize the job specifications for the three positions and begin to recruit by the beginning of 2006. He would like to have the three Deputy Executive Directors on board by spring 2006. He also would like to have the two directors of Housing Operations on board six weeks thereafter. Mr. Gresley noted that there are a number of positions that need to be abolished. Chair Mayne asked when the Commissioners would be discussing budget. Mr. Gresley said the first budget workshop for the Commission is scheduled on the second Wednesday in March.

IV. Recognition of people wishing to address the Commission.

Ms. Etter described problems she has experienced with her landlord who did not keep his promises from shampooing the rugs to cleaning the blinds. She is also frustrated with her landlord telling lies to her. Ms. Etter said that she had been hospitalized about six times this year and was unable to write because she has suffered from a stroke. She also discussed her heating problems and the replacement of her toilet. Chair Mayne asked Mr. Joseph Villarreal, Director of Leased Housing, to discuss these items with Ms. Etter.

V. Executive Director's Report

There was none.

VI. Adjournment.

The meeting was adjourned at 3:14 pm.

Chair

Secretary