

Meeting Minutes

Public Housing Authority Commission

Regular Meeting

July 11, 2022, | 6:00 p.m.
Chandler City Council Chambers
88 E. Chicago St., Chandler, AZ



Call to Order

The meeting was called to order by Chairman Kevin Hartke at 6:00 p.m.

Roll Call

Commissioner Attendance

Chairman Kevin Hartke
Vice Chairman Terry Roe
Commissioner OD Harris
Commissioner Mark Stewart
Commissioner Rene Lopez
Commissioner Christine Ellis
Commissioner Matt Orlando

Appointee Attendance

Joshua Wright, City Manager
Kelly Schwab, City Attorney
Dana DeLong, City Clerk

Absent

Commissioner Lisa Loring - excused

Scheduled/Unscheduled Public Appearances

None.

Consent Agenda and Discussion

Discussion was held on Item 2.

1. June 2022 Public Housing Authority Commission Minutes
Move to approve the Public Housing Authority Commission meeting minutes of the Regular Meeting of June 20, 2022.

2. Resolution No. H0170 Recommending the Submittal of a Rental Assistance Demonstration (RAD) Application to HUD to Implement the Redevelopment of Chandler Public Housing Portfolio

Move the Public Housing Authority Commission pass and adopt Resolution No. H0170, recommending the submittal of an application to U.S. Department of Housing and Urban Development (HUD) for HUD's Rental Assistance Demonstration (RAD) program and the implementation of the redevelopment of the Chandler Public Housing Portfolio with the City of Chandler Housing and Redevelopment Division as Developer/Co-Developer, and recommending authorization of the City Manager or his designee to take all action necessary to submit application and implement and operate all phases of the redevelopment and disburse public housing and/or affordable housing funds for related projects.

MAYOR HARTKE called for a presentation.

LEAH POWELL, Neighborhood Resources Director, presented the following presentation.

- Public Housing Repositioning
- Agenda
 - Background of Repositioning of Public Housing
 - Recap Progress
 - Timeline
 - Public Housing Redevelopment Needs
 - PHAC Resolution
- Chandler Housing Mission Statement
 - Work together with our community partners to maintain safe, decent and affordable housing for low-income individuals and families within our community.
- Housing Portfolio
 - Proximity to Services and Amenities
- Recap of Development Progress
 - 2019
 - Initiated RAD Feasibility, Development Strategies and Structure
 - PHAC RAD Work Session – Defining the Issue: Oct. 7, 2019
 - 2020
 - PHAC Approved Annual Public Housing Five-Year Plan: Aug 24, 2020
 - Conducted Meetings and Surveyed Public Housing Residents
 - Issued RFQE for experienced RAD Developer(s)
 - 2021
 - Issued RFP for RAD Developer(s)
 - PHAC Work Session – Request for Direction: July 12, 2021
 - 2022

- Updated Affordable Housing Study
- Council approved acquisition of remaining Trails End property: February 10, 2022
- City Council Work Session: April 11, 2022
- Approval of Resolution to Enter in RAD DA: July 11, 2022
- Trails End Acquisition Closes: July 15, 2022
- Housing Continuum
- Diminishing Housing Affordability

COMMISSIONER LOPEZ asked about the new housing unit and asked how much were intended for Section 8 or voucher housing compared to the rest of the units there and what they would be used for.

MS. POWELL responded that 157 units are being built and 78 of those units are being moved from existing public housing and the remaining would be affordable housing on a voucher system. It would be populated from a waitlist or those who qualify for affordable housing. The goal is to place seniors into those units as the demand for those is great.

COMMISSIONER ELLIS asked for clarification if this is a new property.

MS. POWELL said that the City has owned vacant property for about 20 years. The City purchased an apartment complex adjacent to this owned property. The families currently residing there would be moved to safe housing. The intention is to demolish the current buildings and incorporate it into the larger property so that the number of new units can be increased.

COMMISSIONER ELLIS asked if the property was privately owned.

MS. POWELL answered that the newly purchased piece of it was privately owned.

COMMISSIONER STEWART asked how much general fund dollars are being used for this project.

MS. POWELL said that no general fund dollars are being used for this project. It is funded by federal dollars and it is a public-private partnership.

AMY JACOBSON, Housing and Redevelopment Manager, continued the presentation.

- Defining the Problem
 - Infrastructure Challenges in Public Housing
 - Chandler's aging units – Built in 1972
 - Major Capital Needs \$22M in next 20 years
 - Significant Plumbing and Electrical Systems

- Replacement Repair/Maintenance costs increasing
 - Properties are aging – reaching end of useful life
- Public Housing Capital Needs
- Interior Unit
- Overall Portfolio Strategy
 - Improve physical conditions
 - Opportunities for Public/Private Development
 - Secure improved access to affordable housing
 - Reposition the portfolio for long term success
 - Leverage Current Land Inventory
 - Create Mixed-Use & Mixed-Income, Including Market Rate Housing
 - Increase Housing Choice
 - Earn Development Fees
 - Increase Senior Housing Inventory
- How Do We Meet Our Objectives?
 - Reposition Public Housing Through Rental Assistance Demonstration (RAD)
 - Unit is taken out of the Federal Public Housing Inventory and converted to Public Housing (Section 9) to Section 8 assistance
 - Preserve affordable housing availability, using a project-based unit or Housing Choice Voucher
 - Tenants Continue to Pay 30% of their income to Rent
- Benefits of Conversions
- Proposed First Project Site
 - City-Owned Vacant Land Trails End
 - Located at 1032 E. Trails End
 - Vacant Land (3.48 acres)
 - New Construction
 - Family Housing
 - Resident Community Center & Amenities
 - Move Public Housing Residents on one site and Reduce Relocation of Tenants
 - Comply with General Plan and Area Plan
- Resolution No. 5604
 - Next Steps
 - Submit RAD Application to HUD
 - Focus on first project: Trails End Property
 - Rental Assistance Demonstration (RAD)/Section 18
 - Low Income Housing Tax Credit (LIHTC) application
 - Layered Approach (public and private funds)
 - Long-Term Ground Lease

CHAIRMAN HARTKE asked what else is attached to the use of federal dollars for these projects and agreements.

MS. JACOBSON answered that each individual development agreement would be brought in front of PHAC to further detail what the particular development agreement would be. In order for us to continue the process we would ask for the authority to submit for the RAD application and go for other additional financing sources.

CHAIRMAN HARTKE restated what demands does the government make if we accept these funds for projects like this.

MS. JACOBSON answered that there is a prescribed way that HUD has allowed Public Housing Authorities to go through the RAD transition. There is an application and a financing package that would be due. If we use the low-income housing tax credits there is a partnership we would have to form with the developer, which would encompass a limited liability company, then we would proceed through a closing. In terms of the project, if we meet the affordability requirements, 60% of the area median income for families that are at or below that area median income level, anyone would be able, for the low-income housing tax credit units, to reside in the project. There would be a transition of our 78 public housing residents to the project, the other remaining units would be filled by those who meet the 60% area median income.

CHAIRMAN HARTKE confirmed that aside from the use of the low-income housing tax credits, there are no other strings attached.

MS. JACOBSON confirmed that that is correct. If an individual living in the project would like to move there is a mobility allowance with the project-based allocation voucher.

CHAIRMAN HARTKE ensured that Chandler in working with PHAC and staff are the ones to determine and place individuals.

MS. JACOBSON answered that there would be a management company that would be a part of the partnership. The management company would assist with eligibility requirements, waitlist, and low-income tax credit compliance.

CHAIRMAN HARTKE asked about the extent of the management company's involvement.

MS. JACOBSON replied that the management company is part of the partnership so there would be something in the agreement that we would have a say in the process. We would create a property management agreement with the property management company and the developer that would be advantageous for the City as well as the project.

COMMISSIONER ORLANDO asked how long the Rental Assistance Demonstration program has been active.

MS. JACOBSON answered that the program began in 2012.

COMMISSIONER ORLANDO said that there have been properties throughout the valley. Commissioner Orlando asked if the eligibility criteria would change if we implemented the RAD program.

MS. JACOBSON said the eligibility would be the same. Public Housing residents would not be rescreened as they have a right to return but the low-income housing tax credit units would be screened for eligibility.

COMMISSIONER ORLANDO asked if low-income housing tax credits is a method for the developer to sell bonds at a reduced cost.

MS. JACOBSON responded that there are 4% low-income housing tax credits with a bond allocation as part of the deal structure.

COMMISSIONER ORLANDO asked how long they have to have the property.

MS. JACOBSON answered that the minimum is 15 years with 15 years extended use requirement for 30 years.

COMMISSIONER ORLANDO said it is a long-term commitment.

MS. JACOBSON said yes.

COMMISSIONER ORLANDO asked if the local control would be able to have input to ensure that the residents needs are being served.

MS. JACOBSON answered yes.

COMMISSIONER ORLANDO asked if there is potential to include market rate units.

MS. JACOBSON said that in this development, there would not be market rate units. In different developments there could be market rate units included in mixed income properties.

COMMISSIONER ORLANDO asked if an attorney was hired for this.

MS. JACOBSON answered that a number of legal, financial, and real estate consultants were hired.

COMMISSIONER ELLIS asked how we calculate 30% of income for rental payment and where does that money come from on a fixed income.

MS. JACOBSON explained how rent is calculated: 30% of their yearly income is allocated for rent. If the tenant cannot afford the 30%, the difference is subsidized by HUD. The subsidy comes through on an annual contract which the housing authority has with HUD in order to pay the difference.

COMMISSIONER ELLIS asked about the difference between vouchers and direct payments from HUD to the tenant.

MS. JACOBSON said that for this development, it would be a project-based voucher.

COMMISSIONER ELLIS asked what happens after the 30 years.

MS. JACOBSON said that future City ownership is being negotiated in the development agreement. These projects have a right of first refusal at which time the Authority could take ownership of the project.

VICE CHAIRMAN ROE asked about the Kingston Arms project.

MS. JACOBSON said that the Kingston Arms project houses 37 seniors.

VICE CHAIRMAN ROE said when they began discussing this they had talked about a better project for Chandler and asked if when they originally discussed this, the City was not looking to become an owner.

MS. JACOBSON said she did not have that information. For this project, moving families onto the project from other sites, it would free up additional sites to potentially use for senior housing.

VICE CHAIRMAN ROE asked about the public private partnership versus City ownership.

MS. JACOBSON answered that these project financed developments on bond allocation is a tax exemption for the LLC. The City can revert ownership, if the City desired, after a certain amount of time. During the time the project is operating, it would be a City ground lease to the developer to own and operate the project in a way that would benefit the City and house residents.

VICE CHAIRMAN ROE asked if this would happen over 30 years.

MS. JACOBSON said yes.

VICE CHAIRMAN ROE said these types of properties are challenged with age and demand. The need for affordable housing is great.

COMMISSIONER HARRIS said it is important to make sure our seniors are housed. Rent increases put seniors in a challenging place. Commissioner Harris asked if the first rights for this property would automatically be included in senior housing, seniors would be moved to this site, and then the other site would be vacated for use for another project.

MS. JACOBSON said that was correct.

COMMISSIONER HARRIS asked if this project would allow for others to move in and asked who has first rights to move in first.

MS. JACOBSON answered that the eligibility and selection criteria is being developed. The current public housing residents would be the first to move into the new project. There would be a site-specific waitlist to this project. There could be a preference built into waitlist criteria to service those who are already working in Chandler.

COMMISSIONER HARRIS asked how we are vetting the property management company to ensure they are providing the best service. Commissioner Harris did not want to hear of complaints from residents because the property management company was not responsive or did not give them a high standard of service. Residents should be treated with grace and respect.

COMMISSIONER LOPEZ commented that this project is the right path to provide relief to the housing demand. Commissioner Lopez emphasized the public private partnership as well as mixed use developments.

COMMISSIONER ORLANDO asked what happens after the application is submitted.

MS. JACOBSON said next, PHAC would approve the development agreement with the co-developer, then proceed with the HUD steps through the RAD process. We would need HUD approval for the housing authority to move forward. After 180 days, a financing plan is determined to detail the development budget, sources, uses, and cash flow pro forma. After HUD approval, we will move forward with closing the project. The anticipated timeline projects construction beginning around fall 2023 and completion within 1.5 - 2 years.

COMMISSIONER ORLANDO stated that there are no budgetary decisions being made, negotiations can still be made with HUD or the developer. Commissioner Orlando asked what the public comment timeline is to receive input.

MS. JACOBSON said that the public comment period is required under HUD. There would be two resident meetings before applying to HUD. One meeting has been conducted with residents by sites 2 and 3. Another meeting is scheduled for July 28.

COMMISSIONER ORLANDO asked about what public comment would be done after the application.

MS. JACOBSON answered that there would be two public meetings, the substantial amendment public hearing and 45-day public comment period. Public comments would likely not be open until the end of the year.

COMMISSIONER ORLANDO commented that this City is built upon public private partnerships. This is the next step of these partnerships. This is a good step in the right direction.

CHAIRMAN HARTKE said that this process has been in the works since 2019. This is just to start the process into RAD.

CHAIRMAN HARTKE read the following comment cards.

SUE HANDLER, 252 S. Windstream Pl.

We do not want more low income housing. We do not want to have the city accepting federal funds.

DEBBIE OEHLER, 1180 W. Linda Ln.

There's an obvious lack of transparency in the Mayor and City Council's dealings with the Citizens of Chandler. I just found out that today was an important meeting that Residents could attend – an important one, they should know about, yet I only heard about it on Saturday, 2 days before. Most Residents are not present here tonight because, I will hazard a guess, most know nothing about it!

PHIL ELLSWORTH, 3225 S. Diamond Dr. was received but was not read.

Vehemently oppose federal funding of any subsidized projects which may impact financially the city & therefore residents of Chandler. P3 concept is only as good as contract prepared by city. As mentioned, long term ramifications must be considered. As housing units age, are destroyed by renters, and need continuous upkeep. As mentioned by Mr. Roe, at no time should City of Chandler become or be considered "owner" of the property. Residents currently pay taxes on too many "subsidized" projects. Strongly encourage incoming several City residents in any committees developed to review & disseminate information to their fellow City residents. Transparency will be crucial in getting full buy-in for a project(s) of this type.

MAYOR HARTKE called for speakers in the audience.

RUTH JONES, 2734 E. Birchwood Pl., stated she has concerns about Item 2. Any time you work with HUD there are requirements. While we do need to increase the housing for our elderly, it is important to note that HUD projects cannot discriminate based on classification. Only their income can be examined for criteria. There is no guarantee that this would be increasing the housing for the elderly with this project. If we have a goal to help the elderly, we need to be careful about who we partner with. Whether it comes from the general fund, or tax dollars, Chandler citizens would be paying for this. There has not been public mention of how many units we are looking to bring in, what the total cost would be, and what the return on total investment would be. We need to be cognizant of what we are spending our money on. We need to make sure that our citizens have a full understanding. What citizens want to know is how many projects are you talking about. None of this information has been presented. So far there is an open agreement. There has been no clear mention of what this project would entail. For this to be a viable project for the City of Chandler, it needs to be transparent to its citizens before they make an agreement.

CHAIRMAN HARTKE asked if we do have the capacity to determine senior placing in this project, and that this is just starting the process and have not committed to spending any dollars.

MS. POWELL answered that we can designate a project for seniors only. Kingston Arms is an example of a senior-only project. The intention of this first project is to build a much larger senior-only project. HUD and Fair Housing rules allow the designation a senior only project. Ms. Powell answered that when we bring forward a development agreement, the development agreement would detail everything from number of units to associated financials. This item is not a financial commitment. This is permission to move forward with the next step to apply to HUD, negotiate a development agreement with the developer, which would be approved through the Housing and Human Services Commission, PHAC, and City Council.

CHAIRMAN HARTKE said we are aware of the need in our community and upcoming decisions would be at the hands of future Councils.

MS. POWELL said yes. What's best for Chandler is to get this first project off the ground and see what we learn from it, and then proceed with each project individually. Each project would be looked at with its own merit and get what is best for Chandler and Chandler residents.

CHAIRMAN HARTKE noted that the approval of this one project would start the investigation of whether or not this would work for us.

MS. POWELL said that was correct. Any future project would be evaluated as an individual project with its own development agreement for approval by PHAC and City Council.

COMMISSONER HARRIS said there is a community conversation that happens prior to final decisions.

MS. POWELL said yes, everything we do that is related to public housing requires public comment period. In this case of moving residents, there are additional requirements of public meetings with those residents.

COMMISSIONER HARRIS asked if we have had those conversations yet. Community feedback would be after this point.

MS. POWELL said that HUD requires early conversation with residents that would be impacted, and we have had those conversations. Additional discussion would address the final development agreement when it is ready. There have been four public meetings with residents already.

COMMISSIONER HARRIS asked how these meetings have been publicized.

MS. POWELL answered that those residents being impacted are contacted directly on everything having to do with their housing. Information is at the housing sites, the housing youth program, and sending letters by mail. HHSC and PHAC go through the public process as required by state law.

COMMISSIONER HARRIS confirmed that we have already reached out to the people being affected by the project.

MS. POWELL said that the residents of site 2 and site 4, as well as all residents. The public process for the site will go through as it gets developed.

VICE CHAIRMAN ROE thanked Ms. Powell for the information shared. Vice Chairman Roe asked what we can do to continue engaging people in the public process.

MS. POWELL shared that we use the public process, posting on social media, the publishing of public meetings, website postings, newspaper articles, interviews with radio and TV, and are open for public requests through Lucy or through email discussion.

VICE CHAIRMAN ROE confirmed that people can choose to be notified of future discussion. MS. POWELL said yes.

COMMISSIONER ORLANDO asked to see a list of the meetings, subject matter, attendance, and to review a potential timeframe as soon as possible.

MS. POWELL said staff will provide that information for Thursday's meeting.

COMMISSIONER ELLIS asked to review how HUD is able to earmark service for specific populations and where.

MS. POWELL said that everything done with HUD is governed under an annual plan and a five year plan. PHAC reviews and renews designations consistently. The authority goes through PHAC to HUD in order to designate the site as a senior specific site.

COMMISSIONER STEWART commented that the housing issue is a national issue. This is trying to create a public private partnership, where the City acts to make sure community members can get appropriate housing. Upgrading housing in a fair way to service residents is important.

COMMISSIONER HARRIS shared that providing fair and equitable housing for our veterans is important.

COMMISSIONER LOPEZ clarified that this is just moving forward with the application and there is no approval of a project today.

3. Agreement No. HO0-918-4191, Amendment No. 2, for Public Housing Environmental Review Consulting Services, in an amount not to exceed \$168,000
Move the Public Housing Authority Commission (PHAC) approve Agreement No. HO0-918-4191, Amendment No. 2, with SWCA, Inc., dba SWCA Environmental Consultants, for public housing environmental review consulting services, in an amount not to exceed \$168,000, for a one-year term, July 6, 2022, through July 5, 2023.

Consent Agenda Motion and Vote

Commissioner Lopez moved to approve the Consent Agenda of the July 11, 2022, Regular Public Housing Authority Commission Meeting; Seconded by Commissioner Ellis.

Motion carried unanimously (7-0).

Adjourn

The meeting was adjourned at 7:10 p.m.

ATTEST: *Dana R. DeLong*
City Clerk

Kevin Harthe
Mayor

