

Derby Housing Authority Minutes July 5, 2017

The meeting of the Derby Housing Authority was called to order at 6:30 PM by Linda Fusco, Chairperson; this was followed by the Pledge of Allegiance.

Roll Call

Present: Chairperson Linda Fusco, Secretary Kathy Ducharme, and Commissioner Adam Pacheco.

Approval of Minutes- June 7, 2017

- Ms. Ducharme asked to correct the date on the minutes to read June 7th, rather than June 8th. Motion was made by Ms. Ducharme, seconded by Ms. Fusco. Motion Carried.**
Mr. Pacheco asked to have the spelling of his name corrected to Pacheco rather than Picheco. Motion was made by Mr. Pacheco and seconded by Ms. Fusco. Motion Carried.
Ms. Ducharme asked to have the spelling of her name corrected to Kathi, rather than Kathy. Motion was made by Ms. Ducharme and seconded by Ms. Fusco. Motion Carried.

A motion to accept the amended minutes was made by Mr. Pacheco and seconded by Ms. Fusco. Motion Carried.

Additions, Deletions, Corrections

- Ms. Fusco asked to have an addition 8A, to review of and possible action regarding the letter to HUD. A motion to add this to the**

agenda was made by Ms. Ducharme and seconded by Mr. Pacheco.
Motion Carried.

Public Portion

- **Rosanna Velez, 14 Stygar Terrace, said they came to voice their concerns regarding having the meetings at City Hall. Two weeks ago when they came to the meeting, there were other meetings going on and there was no parking available. Many of us have trouble walking and found it very difficult walking to and from City Hall. Ms. Ducharme asked if she knew there was an elevator in City Hall, and she said yes, however, it is a long walk to the elevator, then another long walk to the conference room. Cicia Manor is much more convenient because there are no stairs.**
- **Loretta Sexton, 15 Stygar Terrace. Two weeks ago when we came to the meeting, we had to park way up on Minerva Street. People with canes have difficulty walking down to City Hall. She too wanted the parking situation looked at for the people.**

Mr. Fusco closed the Public Portion.

Old Business

- **Ms. Fusco reported that all the “peep holes” at Stygar Terrace have been installed.**

New Business

- **Mr. Peter Hance, the Housing Authority Consultant said for those that didn't know him, he was the Former Executive Director of Housing in Waterbury, Zulla, Montana, and was the Finance Director in Bridgeport and New Haven. He also taught Public Housing and Development at Yale and also at Columbia University**

before he was retained by the Housing Authority to look at the problems with the Baron Building. He explained to the board, that there are 4 buckets of money and wanted the board to understand how the money is to be distributed.

- 1. Bucket #1, Public Housing, Cicia Manor, Lakeview Terrace and Stygar Terrace. The only source for this bucket is the rent received. HUD has nothing to do with this bucket. CHFA oversees this money. If there is any extra money at the end of the year, goes into the reserves. However, this money can only be used for things in Bucket #1, only State Housing.**
- 2. Bucket #2, is Section 8- HUD. This comes from payments to landlords for rent. Every year we sign a contract with HUD; this is called the ACC (Annual Contribution Contract), where we pledge to use the money according to HUD regulations. Any extra money at year end can only be used for Public Housing Vouchers.**
- 3. Bucket #3, also is Section 8, but this is Administration Funds, only to be used for staff and inspectors. This money is received on a monthly basis, and is based on the number of units rented, to which you receive only a certain amount, no more. If you can't use all the vouchers, they don't get used. For example, you presently have 278 units, but only 259 units are being used. You have hit the budget cap. Next year this amount will be lowered to 77% of the need. This administration fund, you receive each month according to the number of vouchers you lease. The annual amount is approximately around \$93.00 per voucher. The money left in this Bucket #3, can also be used for any expenses from Bucket #2.**
- 4. Bucket #4 is everything else. i.e., FSC and Resident Counselor. The Housing Authority used to have Bucket #5, which was business activities, as state and federal funds get cut, frankly, this is what is going to preserve the Housing Authority in the future. This bucket can be used for anything. The Housing**

Authority had visions of the Baron Building being developed and being a source of money to put back into Bucket #1, paying itself. They need to replenish their reserve.

There is a lot of apprehension as to what happened with the Housing Authority. In 2002, the Housing Authority had a healthy reserve of 1.1 million dollars. The Housing Authority had an issue with employees, and in 2008, they took from the reserves, \$450,000 to do a new office building. They never got permission from CHFA to use this money, and now, CHFA is looking to have this money replaced. The Authority was spending more money than they had coming in, so they went into the reserve to buy the Baron Building. There was a problem with the Baron Building, there was a lot of drug activity making Cicia Manor unsafe. The Housing Authority at the time, none of whom are sitting here today, with the prompting from the City administration at the time, decided to buy the Baron Building. In doing this, they would get rid of the problems threatening Cicia Manor. They also needed to replenish Bucket #5 to use in the future. At the time, it was thought to be a sound plan. The Housing Authority in 2002 had 1.1 Million, and they now had drawn down the reserve in 2017 to \$18,000. Roughly 1.1 million was used between the new office building and the Baron Building along with other expenses brought the reserve below what is allowed by CHFA. At least \$1000.00 per unit was needed is what CHFA told the board to get back up. If this money is received, it will go back to the Housing Authority reserve and in doing this; no money would have to be paid back to CHFA. The reserve must be replenished back to \$106,000.

Mr. Hance gave copies of reports showing the expenditures, and how the authority went from being in the black to being in the red. Three other sources were used from Bucket #1 and Bucket #3. This money was used to purchase the Baron Building, which was done without permission or used for vouchers. This was purchased in 2013, and to date no development has occurred. The blame is all around, and now

we must put out this fire. The money from #1 and #3, taken from #5, bought the building. This was a policy decision made by the board. Now, we need to figure how do we re-organize? We went from \$1,113,504 in 2013 to \$17,959 in 2017.

We have to review our spending pattern. There is one checking account, Buckets 1 & 3 are received monthly. HUD sends the check for Bucket #3. The insurance payments are paid yearly. The checking account is being used as a revolving loan fund. If #3 owes #1 30 thousand dollars, but only pays back 20 thousand this month, we still owe the bucket 10 thousand. This happens monthly, and the debt grows, because the authority is not keeping up with the pay back. These accounts need to be balanced. As of April 1st, we are \$211,000 on back balances. We have to reorganize our spending; The Baron Building zapped the Housing Authority. If we redevelop the building, we would not see any money before 2019/2020. We need to sell the building to someone, get the cash, and replenish Buckets 1 and 5. If we use Section 8 in the building, the debt goes away, if we used the building to develop section 8 housing, there is no violation. If we need to convert the office into more housing, there is no violation. If we sell the building, to replenish the buckets, and have section 8's put in the building. This is a competitive process with no guarantees. If we do all these things, we will go from the red to the black.

To buy the building, we must go to RFP (request for proposals), with strings attached that they must go to section 8 housing. It should take 18 to 24 months to develop the building. The city will have shown cooperation for this to work. It could be 2020 before the project will be finished. The question was asked if there is a cap on section 8, and Mr. Hance said there was. He explained that every month, people give up their vouchers. If they move they can take them with them, however, some people find good jobs and no longer need the vouchers. HUD will not punish for not using the vouchers. We do not have to sell

the building for what we paid, whatever, we will be able to replenish Bucket 1 and Bucket 5.

The RFP must be published by this Friday, July 7th. A walk through must be done by July 14th. There is no insurance, so no one will be allowed to just come to the walk through. People must be registered the day before. Questions can be answered for interested parties, and the proposals must be completed by July 31st.

Mr. Hance prepared a draft a letter to HUD, showing the authority is trying to sell or get the building redeveloped. Mr. Pacheco will fine tune the letter. A motion was made by Ms. Fusco to accept the draft. Mr. Pacheco seconded the motion. Motion Carried.

Mr. Hance said he had two prices from Property Management Companies, and both were in excess of what we can do in house.

Mr. Hance asked if anyone had questions on the RFP and Mr. Pacheco asked if it was a legal obligation to post in the newspaper, and the answer was yes. We must also put it on minority news sites, along with a copy to State Department of Administrative Services. The Mayor suggested that the board have Ms. Finn handle this, and Ms. Fusco said she would give the information to Ms. Finn to be published. A motion was made by Ms. Fusco that the Board authorizes the approval of the RFP. The motion was seconded by Ms. Ducharme. Motion Carried.

Ms. Ducharme spoke on the Resident Commissioner. She explained to the residents in attendance, that everyone will be receiving a copy of the letter explaining the procedure. Anyone interested must fill out a petition and canvass the residents in all the complexes for signatures. It must be at least 10% of the total number of residents including anyone on Section 8 housing. The letter will be sent to all 259 voucher holders. The letter will be sent 60 days in advance. Mr. Hance reminded the

residents that the people that sign the petition must be good standing with the authority. The election will be held by a neutral party. If there are no petitions after 90 days, then it will be up to the Mayor, who will make the appointment with the statue attached. This must be followed precisely, and there should be no deviation.

Mr. Pacheco made a motion to re-open the public portion as there were questions. The motion was seconded by Ms. Ducharme. Mr. Nuzzolo of Guardian Terrace asked if he needed 10% of all the residences and the answer was yes. Ms. Sexton stated she already had her petition and had given a copy to Ms. Fusco. A motion was then made by Mr. Pacheco and seconded by Ms. Ducharme to close the public portion. Ms. Ducharme asked for a motion to accept the letter that was drafted with amendments to include all Section 8 residents. The motion was made by Mr. Pacheco and seconded by Ms. Fusco. Motion Carried.

Ms. Fusco asked the Mayor about appointments for the two openings on the board. She will appoint. Ms. Fusco said that a Treasurer was needed as there needs to be two people to sign checks. Mr. Pacheco deferred to the Chairman, Ms. Fusco. Ms. Fusco that this would be a temporary appointment until the Mayor does them. Ms. Ducharme was named acting Secretary/Treasurer. A motion to approve this appointment was made by Ms. Fusco and seconded by Mr. Pacheco. Motion Carried.

Director's Report

Vacancies: Stygar Terrace, Unit 3 ready for occupancy. The correction was noted that it should read Unit 9. No vacancies at either Lakeview Apartments or Cicia Manor.

**Miscellaneous: Bill payment report
Paid Vouchers and bills for review
The see through eye (peep holes) at Stygar Terrace
were completed.**

**Section 8 Program: All Landord checks for July,2017 were processed
and mailed.
Paid vouchers and bills for review.
Bill payment report
PIC reporting is currently at 100%.**

**A motion to accept the amended report was made by Mr. Pacheco
and seconded by Ms. Fusco.**

Ms. Fusco said there was no Executive Session.

Adjournment

**A motion to adjourn was made by Mr. Pacheco and seconded by Ms.
Ducharme. The meeting was adjourned at 8:14 PM.**

Respectfully submitted,

**Louise Pitney
Recording Secretary**

****These minutes are subject to the approval of the Derby Housing
Authority at their next schedule meeting.**

Request for Proposals
Sale and Development of Real Estate
Offered by
Derby Housing Authority, Derby CT
31-37 Anson Street (Barron Building)

Issue Date: Week of July 7, 2017
Submission Deadline: July 31, 2017, 4:00 P.M.
To: 101 West 4th Street, Derby Ct

Overview

The Barron Building, constructed in 1912, is being offered for sale and development by the Derby Housing Authority (DHA). The DHA seeks a qualified developer to purchase and improve the property. The DHA will consider all development proposals that contemplate a future use of the property compatible with the surrounding neighborhood. To be considered, developers must submit a development proposal in response to this Request for Proposals (RFP), in the manner prescribed herein. The City makes no representations or warranties as to the condition of the property, zoning, and zoning enforcement, and proposes to sell the property "as is, where is, with all faults." The property is being offered and must be developed using 7 project-based Section 8 vouchers that will have contract period of no less than 15 years.

Location/Neighborhood

The property is located on the east side of Anson Street in Derby's downtown. The property is in an area characterized by residential development (single and multi-family housing), small retail establishments, and to the east Derby's principal governmental and retail area. The site is located 500 feet from the Derby Town Green and less than .5 miles from the Derby Metro North Train Station.

Property Description (All numbers are estimates or approximations)

The property consists of one tax parcel .23 acres in size, with 17,745 square feet of finished area on three floors. Unfinished basement and storage areas comprise another 5,895 square feet. The building was constructed in 1912 as a residential structure.

Zoning: The current zoning for the property is Center Design Development District (CDD). Permitted uses include but are not limited to:

- (1) retail, personal, business and financial services; professional and general offices; restaurants (excluding fast-food); public and semipublic institutions; hotels, motels, conference centers, residential uses and clubs.
- (2) Any use considered by the Commission shall be found to be harmonious with the goals and objectives of the Plan of Zoning, harmonious with center-type uses not disruptive of the general retail, service and residential character and function of the center and its pedestrian orientation; not of a quasi-industrial or highway-oriented character or overly dependent on truck or auto traffic as a primary
- (3) Residential density. Residential density may be approved up to 12 dwelling units per acre, provided that all requirements and standards for the proposed residential use and

for other proposed uses are met. In cases where existing buildings are being rehabilitated for use as residential dwellings, densities higher than twelve (12) may be approved by the Commission.

All persons responding to this RFP are responsible for confirming existing zoning and not to rely upon the representations in this paragraph.

Derby is not exempt under CGS 8-30g in that it has less than the goal of 10% of its housing being dedicated as affordable housing. The DHA will cooperate with any proposal to develop the property as affordable housing. A requirement of any proposal is that the property be redeveloped using seven (7) project-based Section 8 Housing Choice Vouchers. Any proposal that fails to include the use of those vouchers in its proposal will be deemed non-responsive and will not be considered.

The DHA has schematic design by a Connecticut Licenses Architect for the building showing 29 apartments and a community room along with a cost estimate for the construction. The firm selected under this RFP may contract with that architect to develop the plans further. That number of units is not required for this RFP; the sole requirement is that 7 project-based Housing Choice Section 8 vouchers are used under a 15-year contract.

Environmental Conditions

The DHA has not commissioned its own environmental assessments, nor does it intend to, and has not conducted a search of federal and state regulatory agency records for this property. The property may be subject to the Connecticut Property Transfer Act (Transfer Act), Connecticut General Statutes Section 22a-134 et. Seq.. If, and to the extent that this property is a generator under such statute, the selected developer of the property will be required to comply with the Transfer Act as the responsible party, certify compliance with the Transfer Act to the Connecticut Department of Environmental Protection (DEP), implement any required remedial action plan, and indemnify the City of Bridgeport from any liability associated with compliance with the Transfer Act or enforcement actions brought by the DEP, the United States Environmental Protection Agency, or any other governmental agency having jurisdiction.

Site Access for Potential RFP Respondents

A walkthrough will be conducted for potential respondents On July 14, 2017 starting at 1:00 p.m. Potential respondents interested in participating in the walkthrough should notify the DHA with the name, address, and contact information of their representative no later than July 13, 2017. At the sole discretion of the DHA, additional access to the site may be granted by appointment only. Registering for this walkthrough is necessary to receive updates to the RFP

Submission Requirements

Respondents must submit five (5) hard copies of their complete development proposal. All materials will become the property of the Derby Housing Authority. All proposals must be submitted to the Derby Housing Authority at 101 West 4th Street, Derby CT no later than 4:00 P.M. Daylight Savings Time on July 31, 2017. No submissions will be accepted after this date and time or at any other location.

Each submission must contain the following information:

A. Formal cover letter of interest on letterhead of principal developer, if a single entity, or the principal entity of the respondent, where the respondent is a team. That letter must acknowledge and agree specifically to use 7 Section 8 Housing Choice Vouchers for a period of not less than 15 years in that property. Proposals without this specific agreement will be considered non-responsive and shall not qualify for an award under this RFP. This condition will survive the sale of the property and failure to fulfill that condition after sale will carry a liquidated damage clause of \$750,000.

Such letter should be addressed to:

Barron Building Selection Committee
% Derby Housing Authority
101 West 4th Street
Derby, CT 06418

B. Identification of the Respondent/Business w/ Contact Information

The respondent should provide a description and general history of the individual, firm, or entity that is anticipated to become the owner of record, and/or will have primary responsibility for implementing the development proposal. The respondent's specific experience in implementing the type of project proposed should be highlighted. Respondent must also disclose any felony charges or convictions by the respondent or any of its members or owners that have occurred in the last five (5) years for evaluation by DHA.

C. Description of the Development Proposal

The respondent should provide a description of the development proposal, including the following:

- Purchase price offered.
- Development plan and timetable for the future use of the property.
- Estimated cost of improvements and approximate schedule for completion.
- Plans to attract tenants, if applicable; identify types of tenants to be sought, if applicable.
- Proposed sources and uses of funds.

D. Commercial or Trade References

The respondent must include a minimum of three (3) references that attest to their financial wherewithal or capabilities, including at least one reference from a lender or depository institution with which the respondent has a current relationship.

E. Litigation

The respondent (firms and principals) must identify and describe any current, pending or threatened litigation against them related to their business or real estate dealings. The respondent must attest to having no litigation pending or contemplated against the DHA.

F. Obligations to the City of Derby and DHA

The respondent must attest to having no outstanding or overdue tax, lien, or fine obligations to the City of Derby or owe DHA any sums.

The Derby Housing Authority may elect to deem a submission non-responsive if the submission fails to comply with specific requirements of this solicitation. The DHA reserves the right to reject any and all proposals in its sole discretion, and to decline to offer or withdraw the RFP for this property.

Selection Process Schedule

The following schedule represents the anticipated timeline for the selection of development proposals, which may be altered by the City as the need arises:

RFP formally announced and distributed	July 7, 2017
Walkthrough (date to be determined)	July 14, 2017
Deadline for all questions	July 25, 2017
Deadline for receipt of proposals	July 31, 2017
DHA review of submissions	August 1-9, 2017,
Notification of results of selection process	August 10, 2017
Buyer due diligence period, Negotiations	August 11- September 11, 2017
Closing on sale of property	October 15, 2017

Selection Committee

All proposals will be reviewed and evaluated by a selection committee established by the DHA. Proposals will be reviewed and evaluated based upon information contained in the respective submission packages and their responsiveness to the submission criteria delineated below.

Proposal Evaluation Criteria

The committee shall consider the following information when evaluating submissions to determine the proposal that is in the best interests of the DHA:

- Quality of the development proposal, with specific attention to tenancy plans
- Financial capability of the respondent to consummate the purchase and proceed with the development proposal in a short timeframe, in particular the respondent’s ability to implement the proposed with minimal or no government subsidy in any form.
- Qualifications of the respondent to implement its development proposal
- Compatibility of the development proposal with site planning considerations and existing land uses within the neighborhood
- Financial benefit to the DHA, with consideration to purchase price offered.

NOTE: Price is not determinate but is one factor that will be considered. The proposal’s overall evaluation will be reviewed in terms of financial capability, respondent’s qualifications, readiness to proceed, purchase sum and overall plan. The final selection will be determined by what the DHA believes, in its sole opinion, to be in the best interest of DHA.

The committee may request supplemental information when it determines the necessity,

including business and personal financial statements from any of, all of, or none of the respondents. Financial statements and other business confidential information will not be subject to disclosure under Freedom of Information law. If information protected from disclosure under the Connecticut FOIA is to be kept confidential, a respondent should specify such information, place such information in a separate envelope appropriately marked, and submit such information with its proposal.

A respondent may be disqualified if any principal or officer of the respondent, or any member of its team, has been charged or convicted of a crime chargeable as a felony within the last five (5) years. Any such restriction shall be revealed in the formal cover letter.

Sale of the Property is Subject to a Due Diligence Period and Closing

Upon written notification, the respondent recommended by the Selection Committee will have a period of approximately thirty (30) days within which to satisfy itself as to the suitability of the property for purchase and development and close on the sale with the DHA. Respondents may be required to provide a 25% non-refundable sale deposit to the DHA during this period, subject to appropriate conditions.

The DHA will provide the selected respondent with appropriate access to the property under the terms of an Access Agreement, for appropriate inspections and testing. The selected respondent will be required to provide appropriate insurance and indemnification, and if necessary, restore the premises to its prior condition after such testing.

Questions regarding the process should be addressed in writing to DHA, or by Email to lfusco@aol.com. All questions and answers will be distributed via e-mail to each potential respondent that provides contact information at the walkthrough, but no questions will be accepted after July 25, 2017.

Attachments

The following documents are attached:

- Street level photograph
- Aerial Photo
- Tax Assessor's Map
- Tax Assessor's Card
- Zoning information
- Building Plans

Thank you first for the opportunity to respond to your April 4, 2017 letter, and more particularly for meeting with me and our consultant a few days ago. It is good to know that HUD is working with us in addressing the issues facing the Derby Housing Authority.

I have met with our fee accountant, Janet Wortman, who confirmed that HCV reserves were used as part of the funds used to purchase the Barron Building. According to her records, the applicable funds spent were:

HCV pre-2004 admin fee reserves	\$409,297
HCV post-2003 admin fee reserves	\$128,769

The entire existing Board of Commissioners is now composed of members who were appointed years after the purchase of the Barron Building. Until a few weeks ago, when the Board was briefed by its consultant, neither the use of HCV funds for a portion of the purchase of the Barron Building had been disclosed to the new Commissioners nor had the need to show progress on redevelopment of the property or replenish the HCV reserves. We did not see your letter until our consultant presented it to us.

Immediately upon learning those facts, the new Board addressed this issue (among others discovered), met with its fee accountant, briefed the Mayor, and began to take steps to reorganize DHA to meet its obligations.

DHA purchased the building with two intentions – a short-term goal to remove a constant threat to the safety of the elderly and disabled residents of Cicia Manor, a 40 units State-sponsored public housing project directly across the street from the Barron Building, and a long-term goal to expand the number of affordable housing units in Derby. The purchase of the building accomplished the short-term goal.

It was always DHA's intent to meet the long-term goal of increasing affordable housing in Derby by redeveloping the Barron Building with project-based Housing Choice Vouchers. Its Administrative Plan was amended in 2013 to provide the process for the advertising, evaluating, and selecting properties for such action. It is our understanding that process was submitted to and approved by your office.

The Board of Commissioner stands behind that pledge. However, the Board feels that the redevelopment process has dragged along for too long. The Board has found that there are many reasons for that delay - lack of parking, housing authority capacity, zoning, the need to assemble the millions of dollars needed for the work, and others to name a few.

As stated, the long-term goal is to use project-based HCV to increase the supply of quality, long-term affordable housing. To do this, DHA proposes a two-track process. The first track is to issue an RFP for the sale and redevelopment of the building by a private firm. That RFP states expressly that one of the conditions of sale (that survives the closing) is the long-term use (minimum of 15 years) of seven (7) project-based HCVs. That means that the HCV reserves used to purchase the building will result in it being redeveloped for Housing Choice Vouchers.

DHA is concerned that this happen as quickly as real estate development can reasonably occur. It has included in the RFP as one of the evaluation criterium for this sale is the submission by the purchaser of a schedule for the redevelopment. The RFP provides also that there will be a substantial liquidated damages clause for failure to implement the plan in a timely fashion. Those liquidated damages would be sufficient to repay the HCV reserves. A draft copy of that RFP is attached.

As can be seen from the attachment, the following schedule is proposed:

RFP formally announced and distributed	July 7, 2017
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If no responsive proposals result from the RFP, then DHA will proceed with the second possible track – the redevelopment of the Building by DHA using project-based Housing Choice Vouchers by DHA. DHA has already been provided with a Predevelopment Loan Application to the Connecticut Department of Housing for the necessary funds for the work necessary to lead to a full Consolidated Application for submission to DOH or the Connecticut Housing Finance Authority. That Predevelopment Loan application will need to be revised but will be submitted by September 30, 2017 with the goal of submitting a full application for 4% LIHTCs coupled with State CHAMP funds by the anticipated CHAMP filing deadline of April 2018. The results of those applications should be known by late 2018.

During the interim, DHA is reorganizing its operations and reducing staff and other expenses. According to the newly created draft budget, that restructuring will result in a surplus at the end of the fiscal year. If both above tracks fail to redevelop the property, then DHA's reorganization will leave it in a position to enter into a repayment agreement with HUD at the end of 2018.

We hope the above multi-track plan shows the Board's commitment to meet its obligations and that HUD will provide sufficient time for its implementation.

Please do not hesitate to contact the Board as a whole if you have any questions or require any additional information.