

**Minutes of Regular Meeting of
The Housing Authority of the City of Galveston, Texas
Island Community Center – Community Room
4700 Broadway, Galveston, TX 77551
March 22, 2010 at 5:00 P.M.**

The Board of Commissioners of the Housing Authority of the City of Galveston, Texas, (GHA) met as stated above. Chairperson Mabasa called the meeting to order at 5:00 p.m. and declared a quorum was present. He further clarified that the meeting was duly posted. The following commissioners were noted present: Arthur Mabasa, Chairperson; Vice-Chair Sharon Strain; Suzanne Choate; Raymond Lewis and Juan Gonzalez.

Commissioners Absent: None

Others Present: Tarris Woods, Ex-Officio
 Pete Urbani, Jr., Legal Counsel; and
 Harish Krishnarao, Executive Director/Secretary

Approval of minutes for previous meeting of February 10, 2010 and February 22, 2010–
Commissioner Choate moved for approval, and Commissioner Gonzalez seconded the motion.

The following vote was recorded:

Ayes: Mabasa; Choate; Lewis; Gonzalez; and Strain

Nays: None

Abstentions: None

Absences: None

The motion carried 5-0.

Financial statements as of February 28, 2010 – Mr. Bruney, Finance Director, reported the following:

- a. Central Office Cost Center (COCC) - The total revenue year-to-date is \$1,671,003 and total operating expense is \$1,324,517. This leaves a residual from operations of \$346,486. Statement of Net Assets is: Total Assets of \$2,335,260 and Total Liabilities and Net Assets of \$2,335,260.
- b. AMP #1 – Oleander Homes/Palm Terrace – The total revenue year-to-date is \$945,741 and total operating expense is \$163,269. This leaves a residual of \$782,473. Statement of Net Assets is: Total Assets of \$9,610,978 and Total Liabilities and Net Assets of \$9,610,978.
- c. AMP #2 – Gulf Breeze/Holland House - The total revenue year-to-date is \$1,165,483 and total operating expense is \$1,097,860. This leaves a residual of \$67,623 minus the Asset Management Fee of \$28,560 with Cash Flow from Operations \$39,063. Statement of Net Assets is: Total Assets of \$8,960,711 and Total Liabilities and Net Assets of \$8,960,711.
- d. AMP #3 – Magnolia Homes/Cedar Terrace/Scattered Sites - The total revenue year-to-date is \$209,673 and total operating expense is \$399,479. This leaves a residual of \$377,915 minus the Asset Management Fee of \$2,800 with Cash Flow from Operations \$375,115. Statement of Net Assets is: Total Assets of \$13,021,298 and Total Liabilities and Net Assets of \$13,021,298.
- e. Section 8 – The total operating revenue year-to-date is \$7,971,772 and the total operating expense year-to-date is \$8,153,268, leaving a deficit of \$181,496. Statement of Net Assets is: Total Assets of \$3,517,745 and Total Liabilities and Net Assets of \$3,517,745. Mr. Krishnarao interjected that it was discussed that GHA should not be taking the management

fee and the bookkeeping fee for Section 8 and that it will probably be brought to the Board next month. Vice-Chair Strain asked if this was part of getting the leasing in alignment with the subsidies. Mr. Krishnarao explained that there were several situations that had occurred. First, since Hurricane Ike, many Section 8 families have moved out of Galveston. Secondly, GHA has also started a windshield inspection program which is costing extra, but is something that was needed. That is the reason for some of these unique expenses.

- f. ICC - The total operating revenue year-to-date is \$590,393 and the total operating expense year-to-date is \$418,789. This leaves a residual of \$171,604. Statement of Net Assets is: Total Assets of \$2,207,047 and Total Liabilities and Net Assets of \$2,207,047.
- g. DHAP – Katrina/Rita – This account is now closed. The total revenue year-to-date is \$11,636 and total operating expense is \$28,385, leaving a deficit of \$16,749. Vice-Chair Strain asked if that amount was receivable from HUD. Mr. Bruney replied that it depended on whether the expense was warranted or if GHA had just overleased. He stated that it is listed as a receivable and that the amount will be requested from HUD. Statement of Net Assets is: Total Assets of \$208,302 and Total Liabilities and Net Assets of \$208,302. Vice-Chair Strain commented that she did not see the amount listed as a receivable on the Net Asset Statement. Mr. Bruney stated that it would be posted as a receivable when it is posted as a REAC submission.
- h. DHAP – Ike - The total revenue year-to-date is \$19,644,745 and total operating expense is \$18,612,716. This leaves a residual of \$1,032,029. It was noted that during the current month, there was a deficit of \$126,947. He cautioned that the funds were frontloaded and now that the program was winding down, we could see negatives on a monthly basis. Mr. Krishnarao added that the necessary adjustments were being made to bring the numbers down. Mr. Bruney explained that what is happening with DHAP-Ike is that they are not seeing any of the expected \$1,000, but only a percentage fee for management. Mr. Krishnarao said that there were three different types of fees that we received. When the units were assigned to GHA, we received a one-time fee of \$1,000 per unit. Mr. Bruney stated that as the members reduced, so do GHA's fees. Statement of Net Assets is: Total Assets of \$12,867,127 and Total Liabilities and Net Assets of \$12,867,127.

Vice-Chair Strain commented that the budgets are often hard to follow. Mr. Bruney stated that he has had difficulty accessing the system. The people that are supposed to provide access are saying that they understand there is a problem, as everyone in the country is having problems. Thus, we are running into some issues there. Also, some of the delay letters are automatic, so once they are submitted beyond the second point, everybody gets a letter stating that GHA has failed to submit the budgets even though we have no access to the system. He further pointed out that he spoke to someone from REAC, and they are aware of the problem.

Vice-Chair Strain asked as to how many PUM's there were compared to what was reported on page 17. Mr. Krishnarao responded that there were 34, which are the scattered sites. Ms. Strain noted that if we had \$9,412 year to date on a water bill and it states that the actual PUM was \$3.88 that doesn't appear to be correct. She asked if this could be verified.

Councilman Woods inquired as to how those items actually get on the agenda. Ms. Strain clarified that what was being discussed was making a January re-budget that will help all of the things that have been going on during the year. However, the financial statements are correct.

Resolutions - Approval of

a. #2419 – Disposing of Damaged Vehicles Due to Hurricane Ike –

Commissioner Choate moved for approval, and Vice-Chair Strain seconded the motion.

Mr. Krishnarao explained that these are two obsolete automobiles and the maintenance director wants to dispose of them. One is a 1991 GMC Dump Truck and the other is a Chevy dump truck. Vice-Chair Strain agreed with the disposition, but requested that in the future the book value or purchase value being carried on the books be presented so that the amount being written off would be clearer. She stated that the Financial Management Handbook contains an example of putting down the purchase value, the salvage value and the actual value that will be coming off the books, in case everything is not fully depreciated.

Chairman Mabasa questioned if these vehicles would be considered scrap metal and discussed the importance of removing the tags. Councilman Woods wanted a description of the disposal process. Mr. Krishnarao stated that there would be an auction held at the Maintenance building. Vice-Chair Strain explained that there is a Procurement Policy that covers this. The value depends on how you make the disposition, whether it must be advertised in the paper, and what the bidding process would be. Mr. Bruney added that the vehicles were damaged in the storm, and they are no longer operable.

The following vote was recorded:

Ayes: Mabasa; Choate; Lewis; Gonzalez; and Strain

Nays: None

Abstentions: None

Absences: None

The motion carried 5-0.

b. #2420 – Entering Into an Agreement with the Galveston Police Department For Security Services in the Amount of \$60,154 –

Commissioner Gonzalez moved for approval, and Vice-Chair Strain seconded the motion. Ms. Beasley reported that GHA is requesting the procurement of two police officers between the hours of 8:00 a.m. and 5:00 p.m. for the purpose of providing security at the ICC as well as at Oleander Homes. Mr. Krishnarao explained that after Hurricane Ike, the ICC became the Federal Building when FEMA rented the space from GHA. Initially, when dealing with DHAP, many emotional issues were encountered when dealing with participants and applicants. At that time, GHA ended up procuring the same security service that was already in the building so that there would not be two different groups of peace officers in the building. That contract has now expired and may be replaced by a new service. Since DHAP is being phased out, similar events could occur. GHA needs to have a police officer at ICC and at Oleander Homes.

She further reported that a recent incident occurred during the last Board meeting, when an employee was assaulted by a member of the public. Many people are getting their housing assistance, however, many of them are not receiving their medication which is causing some tension. Also, some people have been making some comments to employees, especially when they are being denied assistance.

Mr. Urbani stated that he was confused about the following statement, "It is understood that GHA will pay the fee for these services directly to the officers involved with liability for only the mandatory payroll taxes." Mr. Krishnarao explained that GHA already uses the special detail for GPD to patrol GHA properties. There is an agreement with GPD that their officers will work with GHA; however, the officers are employed and paid directly from GHA. Vice-Chair Strain explained that a GPD officer supervises the shift and the Patrol captain makes sure officers fulfill their shift.

Mr. Urbani questioned why they are independent contractors in one aspect and in the other, they are GPD employees. Mr. Krishnarao answered that it has been this way for the past 45 years or more. GHA and the officers are hired individually and paid directly, in agreement with the Memo of Understanding. There is also a police captain that is typically assigned to GHA that deals with all the paperwork, assignments, scheduling, etc. Councilman Woods asked about the risk of liability. It was explained that the liability insurance carried by GPD covers them when they are working off-duty. Their liability covers them 24 hours per day.

It was concluded that the patrol car usage is all inclusive in the \$25 per hour fee. Mr. Krishnarao stated that at one time GHA authorized one of the officers to use GHA automobiles. GHA is considering procuring a police automobile that would say GHA. He explained that some officers have access to automobiles, and some do not. They can use GHA automobiles at this current time.

Officer Trevino, with GPD, stated that until recently, the GPD had unit 1727. It was an old pool unit with lots of miles and no computer. The officers can use other pool units when they are available. It is an issue, but Mr. Krishnarao is working to resolve it. Councilman Woods asked if GHA would ever have its own security with a patrol car and officers. Mr. Krishnarao replied that there was no reason for that expense. GHA has an outstanding relationship with GPD and it is working out extremely well.

Councilman Woods inquired about the hiring and laying off of officers. Ms. Beasley explained that there is a special unit of housing authority detail officers. Within that pool, Lt. Trevino assigns different staff to work their respective shifts. It is not just two or three; GHA uses more officers depending on the shift and availability of the police officers. It would be Lt. Trevino who sets the schedule for the officers and procures the officers that would be assigned to both the ICC and Oleander detail. They assign them based on the pool of officers. Occasionally, a new one is selected if there is an assignment that cannot be handled by the normal, routing detail officers.

Commissioner Lewis inquired about liability for police officers. Officer Trevino stated that any time they are working in uniform, it must be approved by the Chief of Police or secondary coordinator. They have officers that are hired to work weddings. When an officer works as a law enforcement officer, the liability is with GPD. Commissioner Lewis then asked about the liability when a GPD officer is driving a GHA vehicle. Mr. Krishnarao stated that there is security coverage under GHA's policy. Vice-Chair Strain explained that GHA pays the City of Galveston Payment In Lieu of Taxes. For that, we are supposed to receive the same services from the city that all other residents receive from the city. However, we also feel the necessity to provide extra security to the people who live in the housing authority properties. It is the city's responsibility to provide that across the U.S., and these agreements

are worked out in the same manner in which our agreement is worked out. It was agreed that we would make sure everything was clearly written.

The following vote was recorded:

Ayes: Mabasa; Choate; Lewis; Gonzalez; and Strain

Nays: None

Abstentions: None

Absences: None

The motion carried 5-0.

c. #2421 – The Five-Year Agency Plan for GHA FY 2011-2015 and Annual Plan For GHA FY 2011- Chairperson Mabasa announced that this item was tabled for the next Board meeting.

d. #2422 - Authorizing the Executive Director to Allocate and Expend Funds Not to Exceed \$39,000 For a Passenger Van For the Galveston Housing Authority Residents – Vice-Chair Strain moved for approval, and Commissioner Gonzalez seconded the motion.

Vice-Chair Strain suggested that two GHA employees be dispatched to retrieve the van and save the delivery fee of \$1,500. Ms. Beasley reported that GHA received the quote under the Government Service Agency contract from Philpott Motors, a government contracted company, and it would be a nine-passenger handicapped van with a wheelchair lift. The van will accommodate all of GHA's residents. This is in response to the resident services van that was destroyed as a result of Hurricane Ike. The funds to purchase the vehicle would be proportionate to the number of units in each active asset management project. From the financial perspective, this is where the funds are coming from. The van is a 2010 Ford Econoline E250 with wheelchair upgrades.

Councilman Woods questioned whether the van would be used only on the island. Ms. Beasley explained that the purpose of this van would be for our current public housing residents. It is the position of GHA that we consider the persons who were displaced because of Hurricane Ike to still be GHA residents. If a request comes in from that population, we would make sure that they would be provided the transportation services they need to attend an event or a place that they would need to help them themselves toward recovery or economic self-sufficiency.

Before Hurricane Ike, there were two vans, one of which was the resident council van, that was used to pick up clients as part of the services they provided. Neither of the two had the wheelchair lift, which we are really excited about with this one.

The following vote was recorded:

Ayes: Mabasa; Lewis; Gonzalez; and Strain

Nays: None

Abstentions: 1

Absences: None

The motion carried 4-1-0.

- e. #2423 - Converting One Hundred Tenant Based Housing Choice Vouchers to Project Based Voucher Assistance – Commissioner Lewis moved for approval, and Vice-Chair Strain seconded the motion. Ms. Beasley reported that the U.S. Department of Housing and Urban Development allows Housing Authority to set aside a portion of its tenant-choice vouchers, what are commonly referred to as Section 8 vouchers, in order to convert them to project-based assistance. The maximum amount a Housing Authority is allowed to transfer is 20%, which is a little over 300 for GHA. The project-based assistance means that the assistance would be tied to the unit as opposed to the person. What GHA would do is seek out units to participate in this program through our request for proposal process, which would mean we would put out the criteria that we are looking for, and landlords would then apply to us to participate in this program. GHA would then rate the applications and see if any of them fell within the goals and objectives in order to participate. What we would do is through attrition, as we received new vouchers through turnover, we would allocate those – up to 100 vouchers – to the project-based assistance. Keeping in mind that only 25% of any one building can have project-based assistance, which automatically addresses the issue of concentration. You would only be allowed up to 25% of one building. In order to participate in the project-based voucher program, we would want to address our internal goals to deconcentrate poverty and expand housing opportunities. Those would be two of the key factors that we would use to rate the applications submitted.

Vice-Chair Strain asked about the issue of subsidy layering. It was stated that it does not need to be in accordance with HUD. Ms. Strain quoted that the document states “a unit with any other duplicative federal, state, or local housing subsidy, as determined by HUD or the GHA in accordance with HUD requirements will not attach or pay PBV assistance to units of subsidized housing.” She questioned whether that included tax credits as a subsidy layering.

Mr. Krishnarao replied that it does. However, in that case the approving entity is going to be HUD. Here, our objective is to not go beyond the 25% assisted units. Typical tax credit application also includes 25% or more. Ms. Beasley stated there is an updated database of the units that are in the multi-family programs to make sure that there is no overlap. Mr. Krishnarao added that even though the resolution requests for 100 units, we are going to be advertising for 50 units to begin with; then we will advertise for the additional 50 units.

Ms. Beasley stated that she would be looking at the different census tracts to make sure that we are getting into the deconcentrated census tracts. There are certain census tracts with the City of Galveston that have a deconcentrated poverty area. We built that factor in for one of those census tracts, into our rating system. Commissioner Lewis asked how the focus would be determined. Mr. Krishnarao answered that, first of all, GHA would not be targeting it. It would be voluntary for a landlord to respond to the proposal. Then we would determine if the property would be located in a deconcentrated area.

Commissioner Lewis offered a scenario. If GHA is going from tenant-based to project-based and obtained a new project to be built somewhere, how would GHA make sure that the landlord doesn't allow the 25% of our supported property not to "destroy the neighborhood"? Ms. Beasley answered that GHA is implementing preferences to participate on the project-based voucher program and those would be for working families and those enrolled in higher education. The regulations themselves are the same requirements as the tenant-based assistance and the families' obligation are still applicable under the project-based voucher program. Therefore, in terms of holding the tenants to the same standards and to the dwelling lease, which would still be between the owner and the tenant, rules and regulations would be the same as if it were the private sector. We have the same amount of control as we do on a tenant-based voucher.

Commissioner Lewis again questioned how GHA would assure that the properties would not deteriorate. Vice-Chair Strain said that the lease in that situation is between the landlord and the resident. It is the landlord's responsibility to make sure that that property is lived in appropriately. The Housing Authority goes through and checks on that property on their annual inspections. Ms. Beasley added that the landlord can screen the tenants coming in just like he would in the private sector, so we are not "assigning" him a tenant. He can screen that tenant. If the tenant does not meet his criteria, then he does not have to rent to that person. He advises the Housing Authority to refer the next applicant.

Commissioner Gonzalez asked if these would be advertised for the participating landlords on a first-come, first-serve basis. Ms. Beasley replied that they would be advertised in all of the local venues. GHA would give a cutoff date – four weeks – then those applications would be rated by a panel based on the criteria that was given in the request for proposals. They must submit their proposal by the deadline. If there is some infringement on the rights of the tenant and they have violated a component of the voucher program, then it would be our duty and responsibility to get involved.

Mr. Krishnarao stated that for all practical purposes, there is no difference between what is happening today and what is going to happen tomorrow. The only difference is that there is an assurance given to the landlord in order to participate and so we will be actually utilizing more avenues than we currently have to provide services. Ms. Strain added that we have some landlords out there that are hurting right now. This would help our local landlords. We have residents that work in jobs at UTMB and that gives people who are working a place to live and go to work as opposed to everybody taking their certificate elsewhere.

Mr. Krishnarao, in reference to the HCV budget, stated that GHA lost quite a bit of money and this would actually make some adjustments. If GHA does 100 units, typically we keep about \$2,000,000 in the City of Galveston as opposed to that money going to League City, Friendswood, or elsewhere. The landlords within the City of Galveston will end up profiting; the money and the families from Galveston stay here. Although the landlords do not have to

be in the City of Galveston to participate, they would have to get the clearance from their local jurisdiction.

The following vote was recorded:

Ayes: Mabasa; Choate; Lewis; Gonzalez; and Strain

Nays: None

Abstentions: None

Absences: None

The motion carried 5-0.

Secretary's Report –

Mr. Krishnarao recognized Dan Williams of HUD. Mr. Williams addressed the Board and stated that it was a pleasure to work with the GHA staff.

Vice-Chair Strain pointed out that the grant status report states 2005 Housing Replacement Funding of \$426,614, with the whole balance to spend, however, GHA is spending the 2006. Under 2007 Housing replacement funds, there are two different amounts of money there. She stated that it would be helpful to know which part of the money is coming from the demolition of Cedar Terrace or Palm Terrace. It would also be helpful to see the percentage of completion and also the obligation date and the expenditure deadline of each one of these items, so that they know when they are coming due and how much have been appropriated. Mr. Krishnarao replied that this request would be honored. He added that there was also a Change Order regarding raising the property at The Oaks. GHA Commissioners made a commitment to the Planning Commission stating that GHA would explore raising Oaks IV. Mr. Krishnarao stated that we have received some bids and we are working on that. It is going to cost GHA some money but we are trying to comply with the Board's recommendation. The current cost is about \$8,000 per unit.

John Manuel stated that GHA has already asked the architect to work on it. The architect reported that it will not be a big problem to raise the grade up to one foot. Anything beyond one foot would be a total re-design, which is very costly. We have asked for a new proposal with the drawings redone to raise the building elevation by one foot. For the 20 duplexes, it will be \$230,000 for the entire foot. They would be at 12'2". This is still a preliminary estimate. Mr. Krishnarao stated that GHA is attempting to go to HUD to see if they would consider the original bid, which is the lowest qualified bidder or whether GHA would re-advertise and go through the whole process again. This would come out of the Planning Commission's budget.

Ms. Strain read the letter from Assistant Secretary of HUD aloud to the Board: Dear Executive Director, Wednesday, March 17, 2010, marked a significant milestone in our ongoing effort to chart a new course for public housing. When President Obama signed the Recovery Act into law last year, there were some who believed that allocating \$3 billion in formula funding to public housing agencies to create jobs, rehabilitate housing units and promote energy efficiency, while giving housing authorities only one year to obligate those funds, was an impossible endeavor. Having been in your shoes as an Executive Director in Boston for 13 years before coming to HUD, I knew they were wrong. Thanks to the herculean efforts of more than 3,100 housing authorities across the country, thousands of jobs are being created and thousands of public housing units are being rehabilitated. In real terms, there are thousands of families who, without you, would have nowhere to turn, no paycheck to put food on the table or a safe place to call home. I know it's not been easy and for some of you, getting a call from the assistant secretary might have been stressful. However, I hope receiving this e-mail of congratulations makes it all worthwhile. Please extend my deepest

gratitude to you and your staff and your Board of Directors. In my more than 30 years in affordable housing, I have never been more proud of my public housing family than I am today. Most sincerely, Sondra Enriquez, Assistant HUD Secretary.

Commissioner Lewis questioned when work would begin at The Oaks IV. Mr. Krishnarao stated that GHA is planning 4/15/10, although raising the grade and the associated costs have not yet been finalized. Although he previously mentioned a Board Retreat on April 6, 2010, and a Special Board Meeting on April 8, 2010, he failed to mention a Special Board Meeting again on April 15, 2010, for the Board to authorize him to go ahead with the project.

Mr. Krishnarao stated that a group of consultants came to Galveston and looked at the feasibility of GHA filing for a HOPE VI application. Ms. Deyna Sims reported that the Board of Commissioners participated in a workshop on 3/12/10. This was an educational opportunity for the Board and others to learn about the HOPE VI grant. The consultant on the HOPE VI grant is EJP Consulting Group. EJP discussed the key objectives, the community and support services, components of a competitive application, initial thoughts and the next steps to be taken. The key objectives of the HOPE VI program is to design new housing that better integrates into the surrounding neighborhoods as well as to create mixed income communities. The exciting opportunity is that this grant may also be used to do green building, which is being pushed by HUD. Also, the grant may be used to promote resident self-sufficiency and for broad-based partnerships with the public, private, and non-profit sectors to leverage support and resources. Regarding the community and supportive services, this will provide opportunity for the residents to improve their economic condition and their quality of life. The residents' input would be very necessary for the planning and implementation of this grant. GHA would work with existing service providers and programs to build a strong network of integrated services as well as to reaching out to those social and support agencies within the community, finding out where a gap in those services existed, and then use the grant to fill that gap. Case management services would be provided to each household and outcome-based programs would be developed.

In terms of a competitive application, EJP spent time discussing what would make an application competitive. One factor is that GHA is ready to go and since GHA's sites have already been demolished, we would receive points for that. Also, the PHA has to be a high performer. The initial thoughts from the EJP team are that they would start with the Magnolia Homes site for HOPE VI and that this would be used as a catalyst for neighborhood revitalization. Due to its location, the Magnolia Homes site would have a senior housing component because of the accessibility to UTMB. Another key component would be to maximize homeownership opportunities off-site and to keep that property on the tax rolls. The next step taken would be to establish an Advisory Committee and to send letters to the Advisory Committee members describing the process, the role and the purpose, to identify and procure mixed finance, legal counsel, a HOPE VI Evaluator, and an early childhood educational partner. This is a new component of the HOPE VI program and is not part of the 2009 HOPE VI program. For the 2010 HOPE VI Program, 60-70% of all children 4-5 years of age would have to be enrolled in some sort of early childhood education program.

Commissioner Lewis asked if that meant that GHA could use HOPE VI funds to build this facility or develop a relationship. Ms. Sims answered that GHA would develop a relationship with an early childhood educational provider. Mr. Krishnarao explained that the program attempts to bring more partners into the equation. So that unlike conventional design, where it is just a property, this is a much broader, neighborhood-based approach. There are some funds available in case it is needed, but it is limited to a handful of dollars.

Vice-Chair Strain stated that there has been a lot of speculation about whether we can or cannot get a HOPE VI grant. The team that we have is probably the most outstanding HOPE VI team that we could have ever gotten. The gentleman that is on the team is the one who wrote the HOPE VI manual for HUD. They feel very positively about this. They have won 33 HOPE VI applications and have a very high performance track record. The key to being able to do something at Magnolia Homes is going to be our ability to attract partners to work with us around our constraints of being a federal agency. She is very excited about the opportunities and possibilities, as she believes it would be a changing experience for Galveston and has confidence in the team and in our community. Although she knows that there has been a lot of disagreements and misunderstandings, if we can ever get all of the people together to listen to HOPE VI possibilities, everyone would see the need to work together.

Ms. Sims shared that she had spoken with EJP today and that funding availability will come out some time next month, with a mid-summer due date. Once an initial Advisory Committee meeting has been held, they will be required to meet every three weeks due to timelines. Councilman Woods brought up a previous attempt at a HOPE VI grant. Vice-Chair Strain attested that this is a much different circumstance. She said that there is \$22 million on the line. Along with GHA's money and what others might bring to the table, we can make a remarkable difference in this area.

Mr. Krishnarao introduced another program currently being explored - Habitat for Humanity. There is a very highly-effective way of constructing homes on the island for home ownership. As part of GHA's hiring, we hired the Director of Housing for Habitat from Baltimore, Maryland, Ms. Courtney Beck. Once she came on board, she was able to revitalize the Habitat for Humanity in this area. She is doing some preliminary work with them as well as preliminary work on scattered site homes.

Ms. Beck stated that she relocated here due to the need she saw in Galveston for affordable housing and affordable home ownership after speaking with Mr. Krishnarao. She stated that GHA is currently starting a lease-purchase program and has begun discussions with Bay Area Habitat for Humanity, which works primarily in Dickinson. They are interested in exploring a partnership with us. We are currently in the exploration phase. Habitat for Humanity has the ability to bring in volunteers from the community and build collaborative efforts. You have the wealthy and poor building homes together.

Mr. Krishnarao added that part of the equation is that the family moving into the home has invested sweat equity. He actually went and saw some of the homes that they have built and stated that it is very similar to The Oaks. The supervisor conveyed that he was born and raised in Oleander Homes and that he would love to come work with us to do something positive for Galveston. Hopefully, in the next 30-60 days, we will see more presentations regarding Habitat for Humanity. We also met with the Galveston Historical Foundation (GHF) and are exploring a partnership with them. Commissioner Lewis is part of that Steering Committee.

Commissioner Lewis stated that they had met with the President and Executive Director of GHF and tried to come to some sort of agreement as to how the GHF might help GHA in the rebuilding process in the historical parts of town. Mostly to provide input into the facades of what we build so that the buildings will fit in with what the GHF might be looking for. This is for scattered sites as well as any other building located in historical areas. Mr. Krishnarao explained that it would be good for the south side of Magnolia Homes to be in compliance with this design. They will not force this; however, it would be very friendly.

Commissioner Lewis requested that the Board authorize the Executive Director to execute some sort of Memorandum of Understanding for this partnership. He explained that to go into a historical area and renovate a home historically may be cost prohibitive, however, we may be able to build new and keep the façade within the guidelines.

Ms. Christina Crowder, DHAP Director, reported that DHAP-IKE is providing rental assistance and case management services for 1,770 families currently under a disaster rent subsidy contract; 720 of those families currently live in Galveston. The remaining 1,050 families are located elsewhere, with the majority being on the mainland. As Mr. Krishnarao mentioned, we have received an extension on DHAP-IKE until May 27, 2010. We conducted a mass mailout last week to all landlords and tenants to inform them of the extension. Each landlord received the documents they need to execute and return to us by March 31, 2010, in order for their tenants to receive April subsidies on time. Approximately 1,271 of those 1,770 families, which is 72%, currently being assisted by DHAP-IKE are under a hardship exception waiver, which means that they have been able to prove that they cannot afford the incremental rental transition amounts that are expected of each DHAP-IKE assisted participant. This is the amount that began May 1, 2009, and increased by \$50.00 per month. Hardship was then explained such that families would have to produce documentation that they were not able to afford this incremental rent transition amount, which would have to exceed 30% of their monthly income. The 30% threshold is what HUD developed for us to use during our eligibility review process, which is completed on a quarterly basis for our participants. These families cannot even afford those incremental transition amounts. We then review their documentation and determine at what amount their incremental transition should freeze.

Mr. Krishnarao explained that the reason for this is several fold. One is the income itself and the item behind the income could be that we classify the families into different tiers. It is possible that someone in the family may have lost a job, or some other type of issue may have been encountered. All of this information is available on the HUD website under DHAP-IKE. Ms. Crowder stated that with the hardship exception calculations, we do not calculate hardship requests based on someone who wants to live in a unit where the monthly rent exceeds the monthly rent subsidy. This is simply based on the rent subsidy amount for the unit.

Chairman Mabasa said the report card was received and it was 100%.

Public Comments:

William Gonzalez, a student from Ball High School, inquired about Habitat for Humanity. Mr. Krishnarao stated that if he was 16, he could volunteer.

Carrie, a student from Ball High School, stated that the amount previously reported was incorrect for the Oaks. The total cost should be \$320,000, not \$230,000. Mr. Krishnarao determined that it was transposed.

Commissioners' comments –

- a. Councilman Woods thanked the public and the students for participating in local government and stated that they are always welcome. He also welcomed them to attend a city council meeting and visit City Hall.

He then referred to the DHAP deadline, questioning whether any of the tenants lived in FEMA trailers. Ms. Crowder replied that those trailers were subsidized by FEMA. Once they are out of the trailers, if they are eligible for DHAP-IKE funds, their information would be forwarded to GHA.

Councilman Woods then discussed The Oaks and if there were still seven homes to be built. Mr. Krishnarao answered that the Board approved this several months ago. He has signed the contract with the contractor and that construction should begin soon. He stated that John Manuel is currently in the process of getting a contractor to build the homes. Once the bids are received, GHA will get the lowest qualified bidder and begin construction. He stated that in the next 60 days, it will be presented to the Board.

- b. Vice-Chair Strain commented that we should not get weary. We have a long way to go.
- c. Commissioner Choate stated that although this meeting was very long, it was also very informative.
- d. Commissioner Gonzalez thanked the Ball High students for their attendance.

There being no further business, the meeting was adjourned at 7:12 p.m.

(d:minutes032210)