

**CITY OF ALAMOGORDO, NEW MEXICO
HOUSING AUTHORITY BOARD
SPECIAL "ANNUAL" MEETING MINUTES
7:30 P.M., COMMISSION CHAMBERS
MARCH 18, 2008**

**CHAIRMAN STEVE BROCKETT
VICE CHAIRMAN CHRIS LUJAN
MEMBER ED COLE
MEMBER RON GRIGGS
MEMBER MARION LEDFORD
MEMBER ERIC BREWER**

**MEMBER JOE FERGUSON
MEMBER NINA WALKER SAENZ
CITY MANAGER PAT McCOURT
CITY ATTORNEY STEPHEN THIES
SECRETARY RENEE CANTIN**

CALL MEETING TO ORDER AND ROLL CALL

Chairman Brockett called the meeting to order at 7:00 p.m. Roll call was taken, and Member Cole, Vice Chairman Lujan, Member Ledford, and Member Brewer were absent.

1. Presentation regarding the Housing Board

Ms. Alicia Rios provided an overview of the Housing Authority.

Vice Chairman Lujan joined the meeting at 7:02 p.m.

Ms. Rios stated that the Housing Authority is a nonprofit corporation that was established by State law. A cooperation agreement has been signed by local government, and the Annual Contributions Contract (ACC) is the primary contract that the Housing Authority has with HUD. It covers all of the low-rent programs as well as some of the home ownership homes.

In terms of the role of the Housing Authority's Board members, they are legally responsible for anything that happens at the Housing Authority. The Board reports to all of the stakeholders, which means anybody affected by the Housing Authority, especially Otero County and the City of Alamogordo. In addition, HUD requires that the Board include a resident who is in good standing and over the age of 18.

Member Brewer joined the meeting at 7:05 p.m.

Ms. Rios went on to say that the City of Alamogordo had chosen the City commissioners to preside as Board members, and the one resident member is what makes the Board a separate entity from the Commission. In fact, federal money is at stake, and if the Board does not have a resident Board member, money is lost as part of the ACC.

In the budget of the City of Alamogordo, the Housing Authority is found in Fund 092, "Trust and Agency Funds." The money comes directly from federal grants and the Housing Authority's own rental income. No money is used from the City, and the City is paid for any services that are provided. As an entity of the City, the Housing Authority is subject to personnel, purchasing, contracting and other policies and procedures.

The primary objective of the Housing Authority is to promote adequate and affordable housing, economic opportunity and a suitable living environment free from discrimination. In terms of standards, to ensure the integrity of the HA, they take action on a consistent framework of principles and base decisions on the core values of quality, safety and teamwork.

Moving to an overview of the key programs, Ms. Rios outlined the low rent program, which offers low income families decent housing at affordable rent, the home ownership program, which offers

adequate homes for purchase by low-income families, and the owner occupied rehabilitation, which is a grant program for improving homes in the community.

In terms of the low rent program, the ACC binds the Housing Authority to HUD such that it has to be in compliance with Fair Housing and Civil Rights and all of the HUD regulations and has to provide housing that is safe, decent, sanitary and in good repair to eligible families. It requires also that the Housing Authority maintain financial and reporting records. HUD monitors the performance and compliance of the HA every year. In addition, the Housing Authority gets two grants from HUD, the Operating Subsidy and the Capital Fund, and Ms. Rios explained that the Operating Subsidy gives them a certain number of dollars for each apartment that they have. The Capital Fund is for all capital improvements, and how the Housing Authority intends to spend the Capital Fund will be on the annual plan. There are zero to four-bedroom units available at Plaza Hacienda, and one to four-bedroom units at Alta Vista. The income limit is 80% of area median for Otero County.

Ms. Rios stated that the home ownership program is one of the most exciting programs that the City of Alamogordo has. It is a self-sustaining program through which they purchase homes that are in good repair and lease those homes to eligible families as potential buyers. The HA owns the homes for up to three years, and at the end of that time the tenant finds a private lender and purchases the home. What is exciting is that part of their lease payment every month goes into an escrow account that goes to their down payment and closing costs. All of the expenses for the home ownership program are generated by the sale of homes and allowable administrative fees from the lease payments. No federal funds are utilized. There are, however, four houses left on the annual contributions contract that belong to HUD. HUD gave HA the houses as seed money. After that, the Housing Authority started buying and selling its own houses. Those four houses are still on the Annual Contributions Contract, and when they are sold, they will be taken off. Because of the nature of home sales, there is an Ordinance that allows the Housing Authority to spend up to \$65,000 without the prior approval of the Board, but approval has to be given after it is spent.

The owner occupied rehabilitation program is totally funded by grants provided by the New Mexico Mortgage Finance Authority. A yearly application is required, and the grants are reimbursed to HA after the work is completed. The Housing Authority is paid dollar for dollar and receives an administration fee for managing and supervising the grant. The grants are awarded using MFA policy, and the City of Alamogordo uses COA rules for contracting and purchasing.

Ms. Rios then provided a list of the documents related to the Housing Authority that require Board oversight. The Board oversees all of the policies for administering the three programs that Ms. Rios described. The policy for the low rent program is called the Admission and Continued Occupancy Policy, the ACOP. The policy and lease for the home ownership program is another piece that will be brought to the Board at another time, likely in April, for approval. The Board oversees the budgets and contracts for the low rent and home ownership programs, and the way that HUD rates HA is through the public housing assessment system, which is made up of four components. The residents give the Housing Authority a rating every other year through a mailed survey. HUD sends an inspector out every other year, and they inspect the properties, and the two other pieces are the Management Assessment Sub-System and the Financial Assessment Sub-System. The Management Assessment will take place in August, and the Financial Assessment will be uploaded before the end of March. The Board also reviews the annual and five-year plans.

In terms of evaluations and current status of the Housing Authority, HUD uses the Public Housing Assessment System, PHAS, with four elements, which are financial, management, physical and resident assessments. Alamogordo's Housing Authority is currently designated as a standard performer, and part of its vision is to be a place where families want to live. They want to be able to utilize all of the resources they have available to do that, evaluate the quality of their product and build their public image. They are committed to efficiency and continuous quality control. The Housing Authority works very hard at fixing problems before they become big problems, keeping production costs low, and striving for excellence in everything. They focus on people and customer service.

Ms. Rios then went on to show the Housing Authority work team on an organizational chart, which included the operations manager, herself, the accountant, Evelyn Huff, the property management coordinator, Michele, the home ownership coordinator, the maintenance foreman who makes sure that the houses get fixed such that when someone moves out, someone else can move in quickly. Under Michele, there is an eligibility specialist position, which is currently vacant, and there is also an occupancy specialist. They want to make sure that all of the tenants that are currently tenants are recertified and that their needs are met. There is also a laborer housekeeper position that has been approved to help the maintenance crew keep the turnaround time low on the houses. There are also four maintenance mechanics and a seasonal that they want to hire to keep the grounds.

Vice Chairman Lujan asked for more details on the seasonal person that they were talking about hiring, and Ms. Rios said that the seasonal position runs for nine months. Tenants are generally asked to take care of their own yards, but they have a lot of elderly and disabled people who can't do that. This person makes sure that their grass is mowed and kind of cleaned up.

Member Ferguson asked a question about the maintenance guys doing more plumbing work in terms of what they are capable of without calling somebody in. He also said that they should get on a particular web site to look at getting some of the materials from Holloman from where they are tearing barracks down and putting new ones up. Ms. Rios said that they are starting to work on getting all of the appliances updated, and the maintenance men are bound by code in that they cannot replace water heaters because they are not licensed plumbers. They do have to call people in, but they have been looking into getting the maintenance men the training to get a pipe fitter's license. The cost for that is in the budget for the next year. So, once they get them certified to be pipe fitters, they will be able to replace water heaters, which will cut down on some of the contract costs. Michele and Evelyn have also been working hard to replace an individual that left. They manage maintenance and figure out how the Housing Authority will do the things that it does. Member Ferguson noted that he was very impressed with what they had presented, and he appreciated how they broke the information down.

Chairman Brockett thanked Alicia and stated that they do receive positive feedback from the community regarding what the Housing Authority does.

Member Ferguson asked if there is much of a drug problem in the Housing Authority properties, and Ms. Rios stated that the drug problem they used to have no longer exists. She thanked Michele and Evelyn who do the screening for issues with gangs and drugs.

2. Minutes of February 12, 2008 Special Meeting.

Recommendation: Approve the minutes.

Member Saenz made a motion to approve the minutes of the February 12, 2008, Special Meeting. Vice Chairman Lujan seconded the motion. A vote was taken, and all voted "aye." The motion carried with a vote of 6-0-0.

3. Consider HA Resolution 2008-03 approving the annual plan.

Recommendation: Approve the resolution.

Chairman Brockett read the item and stated that legislation requires submission of a streamlined annual plan and related certifications.

Ms. Alicia Rios then explained that the streamlined annual plan basically identifies what the Housing Authority is going to do with its Capital Fund and what the mission and goals are—the strategic plan. They do have capital improvement needs, and they are consistent in getting certified every year, which is consistent with the New Mexico Consolidated plan through MFA. They get all of the supporting documents and start on the process in November/December in terms of planning meetings

and determining when they're going to advertise, which they do open to the public for 45 days. They called in many tenants to give feedback on how they wanted to see money spent. Then, they check mark the boxes, and Evelyn Huff puts together how the Capital Fund will be spent.

Ms. Rios then explained that the Capital Fund for 2007/2008 would be spent on electrical. The physical needs assessment indicated that they need electrical grounds at Alta Vista, a new distribution system at Plaza Hacienda, and GFIs. They need a lot of electrical work to bring it up to code.

Chairman Brockett asked what the Housing Authority had been concentrating on in terms of spending the Capital Fund, and Ms. Rios said that the past two years had been spent getting the units livable structurally.

Vice Chairman Lujan made a motion to approve HA Resolution No. 2008-03 approving the annual plan. Member Ferguson seconded the motion. A roll call vote was taken, and all voted "aye." The motion carried with a vote of 6-0-0.

4. Consider HA Resolution No. 2008-04 approving the HA budget for FY 2009.

Recommendation: Approve the resolution.

Chairman Brockett read the item, and Vice Chairman Lujan asked for clarification as to what department gives the recommendation for the item. City Manager McCourt explained that it is the Housing Authority that gives the recommendation.

Ms. Evelyn Huff, accountant for the Housing Authority, started with the low rent budget, which was for the low-rent housing development. It was the largest part of the budget because it was the largest part of the operation. The major revenue source for the Housing Authority is rental income, and they do a pretty detailed analysis of rent and also of occupancy to try to come up the number to get it as close as possible. The big push in the current year is for occupancy whereas in past years it had been to get the units livable. The dwelling calculation was based on that.

From there, Ms. Huff went into non-dwelling income, which comes from the charges that the Housing Authority charges tenants such as late fees, work orders due to damage that tenants have caused and anything else that comes from tenants. They have a pretty substantial interest income and are taking a good stand on investments. They also are putting as much of their fund balance as they can into the local government investment pool so that they could get a much higher rate of return than they do in just a regular checking account. The Housing Authority has a small category of other revenue that is from odds and ends, and there is a transfer in from their Capital Fund program. By HUD rules, the Housing Authority is allowed to take up to 20% of the Capital Fund to bring it over to use for operational expenses. They have been taking less than 20%, and they want to try and continue that trend and try and decrease it so that they can take less from their Capital Fund. Ms. Huff stated that their other large funding is the operating subsidy, which they receive from HUD. Each year they are provided a detailed analysis of the Housing Authority's units and utility expenses, and they come back and tell the HA how much money they will be given per month. As the occupancy and performance is increased, the operating subsidy increases. It's a really good incentive to try and perform to the highest level.

Member Griggs said that in the 07/08 budget it looked like through December they were at nearly 43%. He asked Ms. Huff if she was still comfortable that they would reach the budget number, and she was. Ms. Huff explained that in December the occupancy was a little shaky, but in December they put in some new measures that really helped their occupancy and helped margins. They are going up at a rate of about 6 to 7 people per month where they had been going up by 1 or 2. She was confident that they would reach the budget number. Member Griggs asked for an explanation regarding the dwelling calculation. Ms. Huff explained that she had taken the rents that were being paid and figured out what percentage of current tenants were paying a certain portion of rent. She also averaged the

rents for that category to get an average and then applied the percentages to the projected number of units. Once they had the projected number of units, they were able to apply the average rent to those to come up with the projected monthly rental income. The projection of the increase is completely reliant on the increase in occupancy of the units. She stated that they are also seeing that the tenants they are getting in have a higher income, which is good because they can then be charged a higher rent. They are trying to market to the high end of the low income. Right now the occupancy is at 168, and the projection was that by July of 2008 they would be at 180, which is three months to occupy twelve units. That is more than possible. They do feel their margins will meet what is projected. There are 52 vacancies, which is lower than the last time the HA met, which was in December.

Chairman Brockett asked Ms. Huff if they had any information regarding the trend in income level of tenants, and Ms. Huff said that their higher income tenants, those who pay \$250 or higher in rent, is about 11% to 12% of tenants, which is up. There are more people now who have jobs who want to live in the housing, which is related to the reduction in gangs, violence and drugs. The next phase for the Housing Authority is likely an increase in the quality in terms of tenants.

Ms. Huff then moved on to explain the expenses that the Housing Authority has including administrative salaries, legal, which is an unfortunate necessity, staff training and staff travel and a fee accountant. They are the professionals that handle the submission to HUD. The Housing Authority also takes part in the City audit, which has been very cost effective for them, and the rest are administrative expenses such as for telephone, office equipment, publications, postage and delivery. Ms. Huff explained that the FedEx cost was related to what was sent to the fee accountant. It is very time sensitive information, and it's also very important information. FedEx has been the most reliable carrier, and so Ms. Huff sends a monthly package to the fee accountant. There are also submissions that go to HUD, which are included in shipping. Anything that they have that is time sensitive or confidential they send through FedEx. In terms of the computer expense, they are in the process of working on getting new software, and that involves a renewal fee as well as what the HA pays the City. Ms. Huff explained the dues and membership expenses in that the HA is a member of the National Association of Housing and Redevelopment Officers and Southwest NAHRO as well. They provide a lot of great services and a lot of support.

Sundry other costs include personnel services that are received from the City as well as administrative services. They also pay DPS for the background checks that they do on applicants and tenants.

Vice Chairman Lujan asked for an explanation of the \$7,000 increase in administrative sundry expenses, and the main increase is in administrative and personnel increases that they receive from the City. Also, it includes a full year of the DPS check, which is not something they have had before.

Member Griggs asked what was driving the reduction in computer expense, and Ms. Huff explained that the 2007/2008 budget included the initial setup costs for the new software. In addition, there was a reduction for the annual renewal fee for Win10. Their annual renewal is about \$17,000.

Moving to utility expenses, Ms. Huff explained that they pay water and sewer on the office building, maintenance shop and two learning centers. They also pay water bills on any units that are vacant that have current water service to them, which used to be a really big expense but now is only for three units. Electricity is still a major cost for the Housing Authority, and it will continue to be a major cost until they get individual meters on the units, which is something that is in the Capital Plan. Gas is very much the same as the water in that they pay on the four buildings as well as on any units that have gas service to them. There has been a little bit of an increase in the sewer just because there has been an increase in the fees for sewer.

Vice Chairman Lujan asked when they expected to bring forward the proposal for installing the individual meters, and Ms. Huff stated that they were working on getting an electrical engineer to look at the site. They had a mechanical engineer who came and did the physical needs assessment. He provided a good report and identified the projects for them, but now the HA needs to get the

specialists to identify exactly what projects they need to work on in which order. They are currently working with HUD to get emergency funds, and they will know about that in August or September. If they get the emergency funds, the individual metering contracts will come right after that. Vice Chairman Lujan asked if they had an estimate of what that would cost, and Ms. Huff explained that it is expensive. However, in order for PNM to take over the distribution system, each unit has to be individually metered. They are looking right now at probably about \$400,000 to \$500,000 for the whole complex from new distribution lines, new service drops and new meters. Member Brewer asked if they had considered sub-metering, and Ms. Huff said that the problem with it was that the Housing Authority would still own part of the distribution system, which is where the big problem has been. Sub-metering is a possibility, and Member Brewer suggested that they look at it further. In order for PNM to take it over, it also has to be up to their code and they would be acquiring an asset, which has to be taken into consideration in the negotiations. The main reason behind trying to get PNM to take it over is right now if something happened and a transformer went out, they won't come and fix it. The Housing Authority has to try and get somebody with a live wire license, with the time, with the transformer to come out and fix it, and that is a burden.

Vice Chairman Lujan asked if they know that large of an expense is coming, if they could go back and look at what they could cut more to try and put some money away to save for that bill that is coming. Ms. Huff stated that they are doing that with the Capital Fund. They have a strategy for if they do get the emergency funds, and they have a strategy for if they don't. Alicia has also been researching other financing solutions. This is not the only plan. The Board will be very involved in applying for emergency funds, and Chairman Brockett felt would be very helpful to have information leading up to that.

Ms. Huff then went on to the maintenance costs, which included the maintenance salaries for the four maintenance technicians and the maintenance foreman and the labor position for the housekeeping. There is an increase mostly because they had quite a few vacancies last year for different periods of time, and they didn't have the housekeeper for a full year. The materials are extremely important, and it also includes the fuel for the vehicles that the maintenance technicians use. Contract costs included a decrease in plumbing costs, which was in anticipation of them getting two individuals trained to be pipe fitters. Also, they changed some of the policies to where they can work on some of the plumbing problems. It was changed about two months ago, and it has made a big difference. Ms. Huff stated that the garbage was through the City, and she addressed the cleaning fees for uniforms. They take pest control very seriously, and with older buildings that is a struggle. Ms. Huff stated that they do a monthly spraying and also a large one-time spray during the year in which every unit gets sprayed. Other costs include maintenance on vehicles from fleet, facility maintenance, and any other contracts. Vice Chairman Lujan asked if the 225 was just for pest control, but it was the total for the maintenance expenses.

Ms. Huff then moved on to address the insurance expenses, which include property, flood, auto and liability insurance. There are also employee benefits, which include health benefits, retirement benefits, and the portion of FICA that is applicable. Almost all employees have benefits. Only two of the employees do not have full benefits. The collection losses are the moneys that the Housing Authority will probably have to write off from former tenants that they are never going to get money from. Member Saenz asked if that included damage to units when tenants leave, and Ms. Huff stated that it could. People leave balances for rent or other associated fees. Ms. Huff stated that as in the other general expenses, there is a decrease of \$50,000, as that is the amount that was used as the match money for the community development block grant, which is being used to put in new sidewalks at Plaza Hacienda. She encouraged the Board members to drive through Plaza Hacienda and see the excellent job that is being done on the sidewalks. They are not going to have any match money for the current year.

Chairman Brockett asked if they still apply for the block grants, but Ms. Huff explained that there is a belief that one can't apply for a CDBG grant two years in a row. She has been told, however, by the HUD engineer in Albuquerque that it is not true and one can. She stated that they could if they wanted to apply for another Community Development Grant. She has, in fact, been told that they might

actually give the Housing Authority a grant to work on some of the electricity things. They are researching that. Ms. Rios clarified that you cannot apply for another grant if a grant is open unless it is a different kind of grant.

Ms. Rios then went on to the home ownership budget, and she explained that the revenues from that are a little different. Revenues are received when a home is sold, and this year six houses are projected to be sold. Those houses are bought by their current lessees at the end of a three-year lease purchase program. Contract income is also received. A portion of each lease payment goes towards administration fees for the program. At the end of each month, those administration fees are withdrawn and placed in the operating account, which is a source of revenue for operating expenses. That includes any tenants that leave before the fruition of the program forfeiting all of their escrow.

For interest income, they follow the same type of policy for home ownership that they do with low rent by trying to invest as much as they can except that they do not invest any of the leased escrows. There are also a few tenant charges such as late fees.

Chairman Brockett asked if the Housing Authority is unable to apply for a rehab grant in the current year, and Ms. Rios said that could change. At the time the budget was prepared, they chose not to include a rehab grant. Ms. Rios, however, will be attending a meeting regarding that, and hopefully they would be able to apply for another one and be granted another one. That would then come in about August or September.

Member Brewer asked what the increase of \$25,000 for the employee benefits was for, and Ms. Huff stated that one thing that was an increase was one of the employees did not take any benefits. The person who is taking the position, they believe will want benefits. Plus, insurance is expensive, and it goes up. They are also planning for full employment, which adds to the expense.

Home ownership expenses are pretty straightforward. The salary includes almost a complete portion of the home ownership coordinator. It also includes a portion of Ms. Huff's salary as she does all of the accounting for the home ownership program as well as a portion of Ms. Rios' salary as the manager of the program. In terms of legal expenses, Ms. Rios explained that the situation with the property on Texas is still unresolved, and there is some pending litigation. However, there is light at the end of the tunnel, and the line item may be able to be revised in the near future. It looks like they might be coming to a conclusion on that. There is a little bit of expense for staff training and travel, and a portion of the fee accountant is also paid since the fee accountant does a portion of the books. In addition, there are the same types of sundry administrative expenses that low rent has. Usually low rent pays 93% of the cost, and home ownership pays 7%. The home ownership program doesn't have much in the way of utility expenses because the only time utilities are paid is when the houses are vacant or have just been purchased. It is usually for just a month. The biggest cost is the cost of homes sold. Since homes are purchased in prior years, they are not expensed until they are actually sold. That line item is the expenses of the houses that will probably be sold in 2008/2009. Contract costs are kind of high basically because that is used whenever major repairs are needed to a home after somebody leaves or if something happens to the home that is not the tenant's fault.

Chairman Brockett asked how they budget for fleet, and Ms. Huff said that fleet figures out their expenses and then looks at the number of vehicles that each department has. They allocate based on the number of vehicles. Every year Ms. Huff gets the preliminary budget from finance, and fleet has entered their part of the budget. Chairman Brockett asked if that included the price of fuel, and that is the hardest part to figure out. They can't control the price of fuel, but they can control how much they use it. They have instilled in the maintenance guys that they don't drive alone. There are always at least two of them in a vehicle, and they don't fill up more than once a month.

Chairman Brockett asked if they had ever discussed utilizing golf carts, and they have discussed it quite a bit especially for the Plaza Hacienda site because that is where the majority of the inventory is kept. It is definitely something they need to research further to make the best decision. Member Brewer explained that he had been involved with a three-year lease to purchase program, and within

that three years they had no maintenance cost on the vehicles all the way down to changing the tires. All they did was drive them basically on two wheels, and at the end of the lease was a low buyout. He believed it was tax deductible. Ms. Huff stated that two of their vehicles are getting older, and they are going to have to look and see how they want to replace them, if they want to replace them and what they want to replace them with.

City Manager McCourt stated that the City has fleet insurance, and Ms. Huff stated that the fleet insurance is included in the insurance line. It has been really beneficial to draw on that. City Manager McCourt also said that in terms of the City budget, they think they have found a greener type vehicle that is lower cost and lower maintenance. It won't be any good for driving out of town.

Member Griggs also reminded the Board of the vehicles that Jesse Lane from Club Car had brought out that basically seem to run on lawnmower engines. They have half-ton capacity and are another sort of vehicle that could be looked into.

Ms. Huff then went on to say that home ownership pays property insurance on all of their homes while they are in the lease purchase program, and they pay a portion of the fleet and liability insurance. Employee benefits just includes the portion of the retirement and health benefits of the home ownership coordinator, the operations manager, and the accountant.

In terms of property purchases, if home ownership sells the six houses that it is projected to sell, they will have a budget of \$341,831 to replenish the housing stock, which is how the program works. When a house is sold, another house can be bought to lease out. Housing prices have gone down a little bit, which has helped the program a lot. The houses can't have any structural problems or foundation problems, and they have to be in a certain location. Houses aren't bought that need a great deal of repair. It is not a complete rehab program. Once the home is purchased, a contractor is contracted with to do whatever repairs are necessary to bring a house up to code to get it up to the standards that it needs to have in terms of egress for fire. In the time that the individual lives in the home, part of their lease payment goes toward maintenance reserves. Any time that work needs to be done on the house, either a contractor does it or the maintenance crew, and they keep the house in good working order. If there is something that adds value such as the house needs a new roof or perhaps a whole new plumbing system, that is done out of the 1500 account, which is the rehab and purchase account. It counts against the purchase budget.

Vice Chairman Lujan brought up a house that had been purchased on Ohio, and he thought they were doing a lot of work on it that was taking a lot of time and a lot of money. He was amazed at how much money they were making, and he was wondering if the maintenance guys could do more of what would be necessary. He wondered if it would be cheaper to have a contractor on staff. He asked that they look at that and then update the Board on whether that would lessen work costs. Ms. Huff said that the work that needs to be done is usually in the \$1,000 to \$2,000 range. Vice Chairman Lujan said he is pretty sure they get their money back, but he was wondering if they could cut the cost down, which would allow for them to have more money in other areas.

Ms. Huff provided a breakdown of the houses that are projected to be sold and the prices that they had for them. She also showed them information regarding the 2006 Capital Fund Grant that they receive from HUD. At the beginning of 2008/2009, they will have \$48,000 less than the grant. All of that will be used toward the electrical project at Alta Vista and Plaza Hacienda. Currently, that grant is being used to do some work on the soffit and the fascia at Alta Vista and to continue the appliance replacement project at both complexes. Moving to the 2007 Capital Fund, Ms. Huff explained that it would be used almost exclusively for the electrical project. The first would be the GFIs at Plaza Hacienda and then the rewiring of Alta Vista to include grounding the units. There is also some money set aside to continue replacing the appliances. Moving to the 2008 Capital Fund, Ms. Huff stated that the grant has not yet been awarded. Usually they don't hear about the Capital Funds until August. In August of 2008, they will know exactly what the Capital Fund grant is. Again, it would be used for the electrical project.

Chairman Brockett asked why HUD had significantly reduced the grants, and Ms. Huff stated that all HUD funding is significantly reduced. Every year they take their package to Congress, and the big thing that they're pushing for is housing choice vouchers, more rental assistance in the community. Public housing gets a smaller share every year, and then they divide that out in between the programs. It has been a trend though the trend has been a little different with HA because they were in trouble status, which gets less. When they got up to standard performer, they got more, but it was less than they would have gotten as a standard performer in a couple of years. If they get to being a high performer, they will see an increase, but it won't be as big of an increase as they might have seen last year.

Ms. Rios pointed out that they also saw a payment in lieu of taxes. The City, County, School District, NMSU and the State have all been gracious enough to waive taxes in the past years, and so they save money there. They do include in the budget, however, just in case anybody wants their taxes. They submit a portion of their rental income as a payment in lieu of that tax. Ms. Rios also pointed out that in terms of Section 8 they used to maintain vouchers. It brought in very little money and used up all of the staff time. That was eliminated so that they would be able to get out of trouble status. The program didn't go away; they are just no longer administered. The 58 vouchers got absorbed by Region 6, who has approximately 1,600 vouchers, and 250 to 300 are in Otero County at any given time.

Ms. Rios responded to the question of why they should keep Alta Vista, and the reason is that it brings in about two-thirds of the operating subsidy because of its age and the Capital Fund as well. Getting rid of it would not be cost effective. There are actually 41 people housed at Alta Vista, which only leaves 29 vacancies there. Ms. Rios stated that they would be doing work at Alta Vista spending a big chunk of maintenance time working on the soffit and fascia to bring them up to HUD standards.

Vice Chairman Lujan made a motion to approve HA Resolution No. 2008-04 approving the HA budget for FY 2009. Member Saenz seconded the motion. A roll call vote was taken, and all voted "aye." The motion carried with a vote of 6-0-0.

5. Post approval for the purchase of 1706 Alaska.

Recommendation: Approve the purchase.

Ms. Rios explained that Barbara Jenkins had recently purchased the house at 1706 Alaska for \$64,000, which is less than \$70 a square foot. It is in good condition because not more than \$1,000 will be put into repairing it, and it can be leased right away, as there is a waiting list. Chairman Brockett stated that Barbara Jenkins does an excellent job of finding good deals.

Vice Chairman Lujan asked what the estimated value of the home was, and that is \$69,000. Member Brewer asked if the three-bedroom homes with one bath are harder to move, and Ms. Rios said that it falls within the budgetary limitations. The concept is that tenants in low rent will go to work and work for a couple of years and then move into one of Barbara's houses. At that point in time, they are used to one bathroom. Their dream is to buy their own home, and the homes look pretty good to them.

Chairman Brockett asked how many homes had been through the process, and it was 24 that had been in the possession of HA and cleared out.

Vice Chairman Lujan made a motion to post approve the purchase of a home at 1706 Alaska Avenue. Member Ferguson seconded the motion. A vote was taken, and all voted "aye." The motion carried with a vote of 6-0-0.

Chairman Brockett wanted to impress upon the Housing Authority group the positive comments that they have received about the great work they are doing particularly with the housing program.

ADJOURNMENT.

Vice Chairman Lujan made a motion to adjourn the meeting at 8:31 p.m. Member Saenz seconded the motion. A vote was taken, and all voted "aye." The motion carried with a vote of 6-0-0.

/s/ Steve Brockett

Chairman Steve Brockett

(SEAL)

ATTEST:

/s/Reneé L. Cantin

City Clerk Reneé L. Cantin

(Prepared by Ubiquis)

Approved at the Special Meeting held on June 10, 2008.