

**CITY OF ALAMOGORDO, NEW MEXICO
PUBLIC HOUSING AUTHORITY BOARD
REGULAR MEETING MINUTES
7:00 P.M., COMMISSION CHAMBERS
AUGUST 14, 2001**

CHAIRMAN DON CARROLL MEMBER ED COLE

VICE CHAIRMAN JOHN VAN DOREN MEMBER EUGENE EVERETT

MEMBER INEZ MONCADA ACTING CITY MGR MATT McNEILE

MEMBER RON GRIGGS CITY ATTORNEY REBECCA EHLER

MEMBER STEPHEN EASLEY SECRETARY ANGIE RAHN

MEMBER DON COOPER

Call Meeting to Order and Roll Call.

The Meeting was called to order at 7:00 p.m. City Manager Pat McCourt was absent; Acting City Manager Matt McNeile was present in his absence.

1. Minutes of Special Meeting of June 26, 2001.

Recommendation: Approve the minutes.

Member Cooper moved to approve the minutes. Seconded by Vice Chairman Van Doren. All voted "aye". The motion carried by a vote of 8-0-0.

RESOLUTIONS:

2. PHA Resolution No. 2001-11 to authorize signatory of housing purchases up to \$50,000.

Recommendation: Approve the Resolution to comply with the Alamogordo Code of Ordinances, HUD directives, and provisions of the 5(H) Homeownership Plan through acquisition and rehabilitation of affordable housing.

Chairman Carroll said everyone had received an amended version of the Resolution. The change was under the "Resolved" section, which added another "Resolved" clause to clarify that the City Manager ultimately had the final authority in this.

Housing Authority Director Cheryl Town introduced Ms. Barbara Jenkins, Homeownership Coordinator. The change before them simply stated that the City

Manager was still ultimately responsible. If he was not available to sign closing documents, then he would be able to appoint someone else to sign so that it didn't hold up on the closing of a home. Chairman Carroll said this was a question he had requested be made because he was concerned that since the City Manager was ultimately responsible for what happened at the Housing Authority, then he should at least be in the loop as far as either personally signing or allowing someone else to sign the documents. He assumed he would not designate someone else to sign those unless he was comfortable with what they had done.

Member Easley asked how many houses in a year they purchased? Ms. Jenkins said this would be the first one. They hoped to purchase less than ten per year. Member Easley said the way this stood right now, they had sort of a carte blanche with the Housing Authority to purchase these houses for \$50,000 or less. The Finance Director had to go along with that, and the motivation to do all that was because they ran into these closing date deadlines and had to get extensions and so forth. But he didn't feel altogether comfortable with having a capless number of houses that could be purchased in any given year. They had some obligation as the Board and a fiduciary duty to make sure that these deals were properly done and that the appraisals had been done and so forth and looked these over. He was sort of willing to say there would be a certain number they could do under these terms, and after that the number ought to be brought in the normal course of business to the Public Housing Authority. They could meet on a regular basis if they needed to in order to do these sorts of things. Chairman Carroll said they were now scheduled to meet on a quarterly basis. He thought the driving restraint of this would be the amount of money that was in this particular program that was available to buy these homes and rehab them.

Chairman Carroll said he was not uncomfortable with allowing this to go, but he would think that even though the authority may be there, if this was something which could come before the Housing Authority Board, then it would. He felt this was more of an authorization to allow this signing authority because of the press of time that would not allow it to normally come before this Board. Ms. Town said that was correct. Also, they would be coming to the Board each quarter with an outline of the housing which had been purchased, and coming to them for post-approval as was done in the Police Department on some of their purchases also.

Member Easley said one of the rules was that the Housing Authority review what they did ahead of time to make sure that the Board wasn't making a big mistake somewhere. Sometimes he was sure it was true that they ran into a time crunch deadline where they would lose a property. In other cases, given the housing market, they probably wouldn't lose the property under a time crunch. He noticed the one on the agenda tonight where they were paying \$225 extra on the house for a 15-day extension. It seemed like small money as opposed to making a serious mistake that somebody made because in the crush of rushing to get it done, it wasn't carefully thought through. Part of the Board's obligation as the

authority was to look at those deals and make sure that didn't happen. They too could make a mistake. Over the course of the year they may be able to program their purchasing dates and closing dates such that they still could review these things on a timely basis. But there may be times when there would be exceptions to that and they really had to move quickly. He would be in favor of putting a cap on the number in any fiscal year which could be done essentially without pre-approval of the authority as opposed to post-approval. The trouble with post-approval of this authority was that they met quarterly and if staff did this, there may be little to nothing the Board could do about one they didn't think was a good deal.

Member Cooper thought there was a self-imposed cap and a restriction in the amount of money that was budgeted. They could not go past that budgeted amount. So if they paid \$50,000 for each house, then they had an automatic cap of six houses. So the amount budgeted would allow for the number of houses purchased under it. Ms. Jenkins said also, the City Manager had to sign all of the bid contracts. Member Easley said he would agree with Member Cooper because they had a budgeted amount; he was more concerned about reviewing the particular projects as part of the obligation of that authority.

Chairman Carroll recommended that they approve this Resolution and see how it works. If they found themselves in a position to where they were always hearing after the fact of what they'd done rather than having this as an item on a Board Meeting, then they might want to tighten up the flexibility they were granting.

Member Cole asked what type of notification or paper trail would be provided to the Board on each one of these? He felt the Board should have a little more say so on this than what this Resolution said to him tonight. Chairman Carroll said he understood the concerns which had been raised, but he felt they were looking at a couple of things here. He felt they could go ahead and approve this Resolution to authorize it, but also indicate to the City Manager that it was not our desire that we hear about these after the fact unless there was some pressing reason why it had to be done before they had an opportunity to view it. That was why he was concerned about making sure that the City Manager was ultimately the one who would have the final say on whether or not to allow the purchase. Ms. Town said she couldn't see any other way around post-approval right now if they were limited to quarterly meetings. Chairman Carroll thought at this point in time with the reality being that they had houses they couldn't find buyers for now, he didn't know that they wanted to see just how much housing stock they could acquire just for the sake of acquiring it. Again he thought most of the houses they would be looking to acquire would be HUD repossessed houses and that they wouldn't be out on the open market looking just to buy houses for the sake of buying houses. Ms. Town said they preferred to buy a HUD home, the major reason being that they got a ten percent discount on the offer that was accepted. They would, however, look at other options out there in the community. It just depended on the affordability of the home and the amount of repairs that needed

to be done. Member Cooper asked if VA acquired homes came under this purview? Ms. Jenkins said it could, but their window of bidding was only ten days. There was no way they could get the whole process done in order to bid on a VA home.

Member Griggs said currently the procedure was that they make a bid, and then before the documents could be signed, it came before the Housing Authority to approve that bid. He didn't have a major concern about staff being authorized to do that if they were going to go through all these steps to make a valid bid on a piece of property. He felt the thing that needed to be in place were the procedures they had to follow in order to make a bid, and then the Board should go ahead and approve what they had done. If all that was done, then there was no reason for the Board to be the approving party. He was in favor of letting staff do this and see how it turned out just so long as they had good procedures in place currently to handle the bid process. Ms. Town said they did. If they had any questions at all, they had specialists they could contact and get information from.

Member Everett said there were quite a few different items in this whole prospectus, and he felt the items had to be watched while this thing proceeded. Chairman Carroll said that was what staff was charged to do, and that was why if they were going to grant this authority, it would be with the City Manager to make sure that he was comfortable that all the procedures had in fact been followed. If the time frame was such that it could come before this Board, then he felt that was the way it needed to be. He would not like to see staff get in the habit of just deciding they would just do it and tell the Board about it later. He understood there would be times when it would not be workable and would cost the City additional money to do it that way, but he would not like to see that become the normal procedure. He would like to see that be the exception, rather than the rule.

Member Easley agreed, but his biggest concern with that was that as long as they had the same Board, the same Chairman, the same City Manager, and the same Public Housing Authority Director who would remember that admonishment, then they were okay--but as they'd seen, that didn't always happen. They could give this a try and see how it worked, and if they ran into problems then they could always re-legislate at a later date and tighten it up.

Member Cooper moved to approve PHA Resolution No. 2001-11 to authorize signatory housing purchases up to \$50,000, on the revised edition. Seconded by Vice Chairman Van Doren. All voted "aye". The motion carried by a roll call vote of 8-0-0.

OTHER BUSINESS:

3. Approve Homeownership expenditure of \$26,823.53.

Recommendation: Approve purchase of home located at 1220 15th Street, Alamogordo.

Chairman Carroll said this was the way he envisioned the process normally working; that it would come before the Board even though in the future staff would have the authority to make this purchase based on the approval of the City Manager. Regarding the risk assessment, he was assuming that was a home inspection of some sort. Ms. Town said it was a lead-base risk assessment, which was required on all homes built before 1978. Chairman Carroll asked if they had spent \$682 for someone to tell them either there was or was not lead paint there, and if there was, don't eat it? Ms. Jenkins said basically, yes. Ms. Town said the inspector submitted a report which must be given to any prospective buyer. Chairman Carroll asked why they spent that money on a risk assessment--if the house was built before that time, why didn't they just inform the potential home buyer that in all likelihood there was lead-based paint in the house, and don't eat it. Ms. Jenkins said new lead-based paint rules by HUD came into effect September 15, 2000. They had to be able to prove that either there was or was not lead-based paint. There had to be a certification that they had checked. Chairman Carroll asked if merely telling the potential home buyer that it was there was not enough? Ms. Jenkins said not anymore. Member Cooper asked if that applied to individual sales? Chairman Carroll said it did. He didn't know that they had to hire somebody to tell them that, but the real estate agent did in fact have to inform them that the possibility of the paint was there, and if so, don't eat it. Member Griggs said the Purchase and Sale Agreement had a box to check; there was no big time guarantee like this was, but there was something. Chairman Carroll said for \$682 what had the potential buyer been guaranteed--that there was lead paint? Ms. Jenkins said when the risk assessment was done, they could be guaranteed that there was no lead-based paint in that house or in the ground anywhere that would affect a child under the age of 6. Chairman Carroll clarified the risk assessment could also tell them that it was there. Ms. Town said it would tell them exactly where it was too.

Member Easley said he could not read the Sales Contract page in his packet. It was difficult to do their job if they couldn't read the actual Contract. He could see that the agreed upon purchase price of the property was \$30,300, and they'd listed at \$26,823. Was that taking into account the 10 percent HUD discount they had mentioned? Ms. Town said yes, less the earnest money. Member Easley asked what kind of repairs they were doing for the \$9,500? Ms. Jenkins said it had to have some electrical work done. Code Enforcement usually went with her when they looked at the houses to help determine what had to be done. Some of the windows had to be replaced because they didn't meet egress codes, which was a requirement of the City. Member Easley asked how many houses the City had currently which it needed to sell under this program? Ms. Jenkins said one. Member Easley asked if that was the total housing stock the City owned right now? Ms. Jenkins said the City owned 14 right now. Thirteen of them were under a lease-purchase, and there were several that were working on their financing.

Member Easley asked if it was time to replenish the stock in available houses? Ms. Jenkins said yes. Member Easley asked how the City had come across this house; did HUD contact staff or what? Ms. Jenkins said she went on the internet and pulled a HUD listing. They listed all of their repo homes. Member Easley said in the paperwork it stated that the HUD asking price was based on an appraisal. Were they satisfied that was a good appraisal? Was it a local appraiser, or did HUD do it? Ms. Jenkins said HUD had that done. She didn't know who had done the appraisal.

Member Cole said he'd gone and looked at the home today. All the documentation on the windows--he assumed HUD had done the appraisal. Ms. Jenkins said no, HUD had the appraisal done before they were listed. Member Griggs said he would imagine it was either done by Alamogordo Appraisals or Hacienda Appraisals. Alamogordo Appraisals was John Barber, and Hacienda was Barbara Zink and Mike Stagner.

Member Cooper asked if the repairs of approximately \$9,500 could possibly go up? Ms. Jenkins said yes, but it could also go down because she had estimated them above and beyond. Member Cooper said they had started at \$26,000 and would wind up with \$37,000 invested in the house. If it was appraised at \$32,000, they were about \$5,000 over the appraised value. Member Easley said they had a better house, though, because they had repaired it. Ms. Jenkins said after the repairs were done, the market value should be between \$46,550 to \$57,000.

Member Easley asked if they usually obtained a copy of the appraisal from HUD? Ms. Jenkins said no. Member Easley asked if they knew whether it was a fresh appraisal or how old it would be? Wouldn't it be a good idea to at least ask HUD how old the appraisal was, and to make sure it wasn't a 1996 appraisal when the market was hot as opposed to a considerably cooler market now. Ms. Jenkins said she could ask, although she wasn't sure they would give a copy of it. Member Easley said they could certainly ask when the appraisal was done, and whether it was done locally or not. If they wouldn't give a copy, they at least could tell staff whether it was a locally done appraisal and how recently the appraisal was done. That would make him feel better to know that it was a reasonably accurate appraisal.

Member Everett said it used to be under these circumstances that a dwelling inspection was a must. It sounded like here that they could have it, or not. Ms. Jenkins said that was correct. Ms. Town asked what type of inspection he was referring to? Member Everett said an all-around dwelling inspection, for termites, etc. Ms. Town said staff was working with the Code Enforcement Department and they met them at any home staff was interested in. They looked at everything structurally on that home, and they had been their best advisors.

Member Cole asked if Code Enforcement staff were the ones that had come up with the \$9,000? Ms. Jenkins said they gave her a rough idea, she added up all

the things that needed to be done, and then added some to it just to give an added cushion. Ms. Town said they would be getting bid estimates from numerous contractors. They would hold a meeting right there at the home, invite contractors in, and give them documents to submit an estimate. Chairman Carroll said that bid approval would come to the Board for final action. Ms. Town said that would also be tough with quarterly meetings. It would have to go to the Board if it was over \$10,000. Chairman Carroll said on this particular house he would be interested to find out what the actual repairs turned out to be.

Vice Chairman Van Doren moved that we approve the Homeownership expenditure of \$26,823.53. Seconded by Member Cooper. All voted "aye". The motion carried by a vote of 8-0-0.

4. Removal of Public Housing Authority signs.

Recommendation: Approve removal of signage.

Member Cooper moved that we remove those signs. Seconded by Member Easley.

Chairman Carroll said he was in favor of removing the signs, but his question was if at some point in the future, there would be new signs erected that at least spelled out the name of the development? Whether it said "Housing Authority" or not, those particular areas did have designated names. Ms. Town said it was currently "Plaza Hacienda". They had a big Block Grant project taking place this Fall at Alta Vista, and they had to get those types of items budgeted and planned for. So it would be in future plans.

Chairman Carroll called for the vote on the motion. All voted "aye". The motion carried by a vote of 8-0-0.

5. Letter from Housing Authority tenant.

Chairman Carroll said this was an informational item only. It was a letter from a Housing Authority tenant. He thought it was admiral that they had people living in our Housing Authority who felt they had been provided with a safe and wholesome living environment.

Member Cooper moved to adjourn. Seconded by Member Griggs. All voted "aye". The motion carried by a vote of 8-0-0. The Meeting was adjourned at 7:30 p.m.

Chairman Donald E. Carroll

ATTEST:

Secretary Angie J. Rahn

(SEAL)

(Prepared by Deputy Secretary Teresa Y. Gutierrez)

Approved at the Housing Authority Board Special Meeting of September 11, 2001.



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