

Housing Authority of the City of Cape May
Regular Board of Commissioner Meeting Minutes
October 18, 2021- 4:00 p.m.

The regular meeting of the Housing Authority of the City of Cape May (CMHA) was held October 18, 2021, at 4:00 p.m. in the Management Offices of the CMHA located at 639 Lafayette Street, Cape May, NJ 08204.

The meeting was called to order by Chairman Dr. Keith Lafferty. Chairman Lafferty requested everyone to rise for the Pledge of Allegiance.

Chairman Lafferty read the Sunshine Law.

Upon roll call those presents were:

Chairperson Dr. Keith Lafferty	(in person)
Vice-Chairperson Patricia Hodgetts	(in person)
Commissioner Dr. Patricia Martz	(via zoom)
Commissioner Victor Faison	(via zoom)
Commissioner Dr. Christopher Traficante	(via zoom)
Commissioner Jules B. Rauch III	(in person)

Also, present were Jacqueline Jones, Executive Director, Rick Gennetti, Consultant, Maryellen Francke, Secretary, Charles W. Gabage, Esquire – Solicitor, Linda Cavello – Accountant.

The City of Cape May Mayor, Zach Mullock attended and Rick Ginnetti, Consultant, report on Revitalization.

One member of the public was present: Barbara Dreyfus.

Commissioner Lynda Towns was absent from the meeting.

Minutes

Chairman Lafferty requested a motion to approve the Regular Meeting minutes from September 20, 2021. A motion was made by Commissioner Traficante and seconded by Commissioner Faison. The following vote was taken:

Chairperson Dr. Keith Lafferty	(Yes)
Vice-Chairperson Patti Hodgetts	(Yes)
Commissioner Victor Faison	(Yes)
Commissioner Dr. Patricia Martz	(Yes)
Commissioner Jules B. Rauch III	(Yes)
Commissioner Dr. Christopher Traficante	(Yes)

Chairman Lafferty then asked Ms. Cavallo to present the monthly accounting report. Ms. Cavallo reviewed the Financial Report for the twelve months ending September 30, 2021.

Executive Director's Report

Ms. Jones indicated her report would be brief to allow time for the revitalization presentation by Rick Ginnetti, Consultant.

Regarding the vacant units on Broad Street, unit #18 will be completed and leased up as of October 22, 2021. It is anticipated that unit #4 will be completed by mid-November 2021.

Ms. Jones noted the cost for the repairs on the maintenance truck was high because of the extent of the repairs that were needed; however, the truck should hold up until the new truck is received in about 6 months.

Ms. Jones again reported that the FY September 2020 Audit is completed except for the Pension Liability and Post-Employment Health Benefit Liability figures that have not yet been released by the State of New Jersey.

Chairman Lafferty asked Attorney Gabage to update the status of the discussions with JCP&L.

Attorney Gabage reported that the parties are continuing with the review process of the language in the Deed Notice and the Deed Notice Settlement Agreement. The JCP&L Attorney responded to the red-lined agreement that was submitted to them. However, the response was disappointing in that there were several references to the fact that there will be a revised Deed Notice Agreement along with revised exhibits to the Deed Notice. Jackie, Rick and myself are preparing a response about the changes to the Deed Notice that will be mailed next week.

He further stated that a red-lined Deed Notice Settlement Agreement was sent to JCP&L. On October 26th, Jackie, Rick and he are going to meet to go through the proposed revised red-lined agreement that the attorney for JCP&L put together. Despite the small hiccup with the new Deed Notice language everything is moving along. They put language in the Deed Notice Settlement Agreement that restricted the Authority's use of the property, not only on Osborne Court, but all the housing authority property. The parties have agreed to eliminate that restrictive language from the document.

Attorney Gabage advised the Board that the target date for the completion of the finalized documents is before the end of the year. Attorney Gabage completed his report.

Chairman Lafferty noted that this is a big meeting as the focus of it is the revitalization plans. A lot of meetings have been held before leading up to this point. The issue is we have old units, they are dilapidated and in need of refurbishing. So, it is imperative that we as a Board do something, it's not an option, we need to develop plans for revitalization. There have been meetings with the City, although not formal meetings, and they agree that these plans need to be developed. Another reason for the revitalization is because of the families are shrinking in Cape May. The timing is right for the opportunity to make changes.

Chairman Lafferty turned the meeting over to Rick Ginnetti.

Rick Ginnetti presented the following information:

There have been multiple meetings concerning revitalization but some things have changed. Everyone must be aware that rehabilitation, rebuilding and revitalization is not linear. As the Chairman stated, because of the condition of the units they can not be left as they are today. Therefore, the Board must begin to think about developing some type of plan for revitalization.

A year ago, we talked about what could be done with respect to tearing down the buildings and rebuilding them because the rents that HUD was providing were so low that borrowing money was not an option. That is still the case with the redevelopment options, but HUD has changed a few rules and there are now different options. A year ago, in January, regulations were passed concerning the calculation of tax credits. This opens the door to a lot of different options that were not available 12 months ago.

First, we will talk about RAD. When we first talked about RAD the Authority was spending more money than it was bringing in. The way RAD works is it provides an opportunity for a conversion of funding sources. There are three sources of funding:

- Rental Income – not a significant source of funding
- Rental Subsidy – money from HUD, the amount changes month to month
- Capital Funding – money from HUD

The RAD conversion is converting public housing to Section 8 based housing. There are several types of Section 8 Housing Vouchers:

- Tenant Based—most commonly recognized
- Project Based – the voucher is tied to the unit
- Under RAD there is also Section 18 Blend – uses Tenant Protection Vouchers

In March 2021, HUD issued a notice that authorities with less than 250 units are permitted to have 80% of the units at fair market rate or 110% of the fair market rate. For this authority that would be approximately 61 units thereby doubling the income. Since this authority doesn't have vouchers, another authority would have to be engaged to administer the vouchers.

One avenue for raising funds is through tax credits administered through the IRS. There are two types of tax credits:

- 9% credits—these are more competitive that includes scoring—CMHA would not be in a position to attain a perfect score. There are ways to get set asides for special needs projects, but again CMHA would not be in position to get this grant because of the competitive nature of the scoring.
- 4% credits—not a competitive transaction. It is based on bond sales during the year.
- With both percentages there is a gap. With 9% you get 65% of the cost of the project. With 4% you get 35-40% of the cost of the new project.

Rick explained further the differences between 4% and 9% credits and how the credits might work with the Section 18 blend of vouchers.

Rick then reviewed budget numbers with the 9%-4% tax credits.

- The 9% has an overall budget of 31.5 million, includes relocation, demolition, new construction. The numbers are based on \$230 per square footage at prevailing wage. In the calculation it is about \$18,250,000.00 in equity and tax credits, \$1,600,000.00 in deferred development fees, \$225,000.00 CMHA funds, equals \$20,095,000.00; that's a \$11,400,000.00 gap under the 9% tax credit.
- The 4% was calculated assuming a significant rehab, includes relocation cost, lead removal. The calculation includes \$110,000.00 as the average rehab cost. This now becomes a \$19M dollar budget. The quick estimate on the value of the property is \$6,375,000.00, this becomes a source of income in the calculation and allows for more tax credits.

Rick also noted that the CMHA is going to need predevelopment funds and some ways to get that money is through a partnership with the City or go to the Federal Home Loan Bank or through the acquisition of a development partner.

Rick went on to explain some options available to CMA.

- Engage an Investor like a bank, such as one of the big banks like TD Bank, Bank of America and Wells Fargo. This could result in the CMHA being able to do a tax credit project, a for-profit entity with a partnership of some sort. The CMHA will own .01%, the limited partner who is the investor will own 99.9%. With this scenario the CMHA must offer guarantees.
- Engage a development partner, who for all intents and purposes, takes over the housing authority. They will also fund most of the costs, including the redevelopment cost. The provider will manage the project including hiring the various providers such as the engineer, attorney and architect. This option may not be possible with the 9% tax credits. This arrangement could include the CMHA retaining the right to run the property.

Rick explained, as with any project, many issues must be investigated before the process begins. Such as the elevation of the buildings, whether there could be a "bump" out of the units, laundry accommodations such as adding washer/dryers in the units.

Rick emphasized that the City should be involved in all aspects of the development of the plans for the revitalization. Additionally, the CMHA will need the City to sign off and initiate many documents to permit the project to move forward.

Chairman Lafferty indicated that the Board must also explore options for building more family units, such as scattered sites. He asked Ms. Jones to give a brief explanation of the term scattered sites.

Ms. Jones stated a Scattered Site project could be where units are built on property that is owned by the City. Once the project is completed the sites are turned over to the Housing Authority to manage.

Chairman Lafferty stated that he would like to schedule an ad hoc committee meeting with the Mayor, Jackie, Rick, a board member and himself. He reiterated due to the commonalities involved it is imperative that the City become involved in the planning as soon as possible.

Mayor Mullock agreed indicating he would very much like to be a part of the ad hoc committee. He also asked if he could get an update on the status of the JCP&L situation as the City's project is being held up because of the need for the agreement on a Deed Notice between JCP&L and the CMHA.

Rick summarized Attorney Gabage's report that things are moving forward and it is anticipated that matter could be resolved by the end of the year.

Chairman Lafferty also indicated that the CMHA is on board with agreeing to a Deed Notice it is just a matter of agreeing to the language in both the Deed Notice and the Deed Notice Settlement Agreement.

Mayor Mullock thanked the Board for having him attend the meeting and asked Chairman Lafferty to contact him concerning the arrangements for the ad hoc committee meeting and left the meeting.

Chairman Lafferty thanked Rick for his concise and informative presentation. He opened the floor for questions from the Board Members.

There being no further questions Chairman Lafferty moved onto approval of the resolutions as follows:

Resolution #2021-43
Resolution Approving October Expenses

Chairman Lafferty called for a motion to approve Resolution 2021-43, July expenses for October in the Amount of \$66,876.79. A motion was made by Commissioner Traficante; seconded by Vice-Chair Hodgetts. The following vote was taken:

Chairperson Dr. Keith Lafferty	(Yes)
Vice-Chairperson Patti Hodgetts	(Yes)
Commissioner Victor Faison	(Yes)
Commissioner Dr. Patricia Martz	(Yes)
Commissioner Jules B Rauch III	(Yes)
Commissioner Dr. Christopher Traficante	(Yes)

Resolution #2021-44
Resolution Approving City 2022 Board Meeting Schedule

Chairman Lafferty called for a motion to approve Resolution #2021-44. A motion was made by Vice-Chair Hodgetts; seconded by Commissioner Hodgetts. The following vote was taken.

Chairperson Dr. Keith Lafferty	(Yes)
Vice-Chairperson Patti Hodgetts	(Yes)
Commissioner Victor Faison	(Yes)
Commissioner Dr. Patricia Martz	(Yes)
Commissioner Jules B. Rauch III	(Yes)
Commissioner Dr. Christopher Traficante	(Yes)

Resolution #2021-45

**Resolution Approving City of Cape May Housing Authority
Long-Term Service Agreement with Vineland Housing Authority**

Chairman Lafferty called for a motion to approve Resolution #2021-45. A motion was made by Vice-Chair Hodgetts; seconded by Commissioner Traficante. The following vote was taken.

Chairperson Dr. Keith Lafferty	(Yes)
Vice-Chairperson Patti Hodgetts	(Yes)
Commissioner Victor Faison	(Yes)
Commissioner Dr. Patricia Martz	(Yes)
Commissioner Jules B. Rauch III	(Yes)
Commissioner Dr. Christopher Traficante	(Yes)

Resolution #2021-46

**Resolution Approving City of Cape May Housing Authority
Accounts Receivable Decried Uncollectible**

Chairman Lafferty called for a motion to approve Resolution #2021-46. A motion was made by Commissioner Faison; seconded by Commissioner Traficante. The following vote was taken.

Chairperson Dr. Keith Lafferty	(Yes)
Vice-Chairperson Patti Hodgetts	(Yes)
Commissioner Victor Faison	(Yes)
Commissioner Dr. Patricia Martz	(Yes)
Commissioner Jules B. Rauch III	(Yes)
Commissioner Dr. Christopher Traficante	(Yes)

Resolution #2021-47

**Resolution Approving City of Cape May Housing Authority
Writing Off Void Check**

Chairman Lafferty called for a motion to approve Resolution #2021-47. A motion was made by Commissioner Rauch; seconded by Commissioner Traficante. The following vote was taken.

Chairperson Dr. Keith Lafferty	(Yes)
Vice-Chairperson Patti Hodgetts	(Yes)
Commissioner Victor Faison	(Yes)
Commissioner Dr. Patricia Martz	(Yes)
Commissioner Jules B. Rauch III	(Yes)
Commissioner Dr. Christopher Traficante	(Yes)

Resolution #2021-48

**Resolution Approving City of Cape May Housing Authority
Flat Rent Schedule**

Chairman Lafferty called for a motion to approve Resolution #2021-48. A motion was made by Vice-Chair Hodgetts; seconded by Commissioner Traficante. The following vote was taken.

Chairperson Dr. Keith Lafferty	(Yes)
Vice-Chairperson Patti Hodgetts	(Yes)
Commissioner Victor Faison	(Yes)
Commissioner Dr. Patricia Martz	(Yes)
Commissioner Jules B. Rauch III	(Yes)
Commissioner Dr. Christopher Traficante	(Yes)

Resolution #2021-49

**Resolution Approving City of Cape May Housing Authority
Approving Executive Session**


Not Needed

Chairman Lafferty invited the member of the public, Barbara Dryefus to make any comments or ask any questions.

Ms. Dreyfus stated she had so many questions she would address those with Rick Ginnetti.

With no further business to discuss, Chairman Lafferty entertained a motion for adjournment of the Regular Meeting. A motion was made by Commissioner Faison; seconded by Commissioner Traficante. The vote was carried unanimously by the Board Members present. The Regular Meeting of the Board of Commissioners was adjourned at 5:55p.m.

Respectfully submitted,



Jacqueline S. Jones, Secretary/Treasurer